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South European welfare regime model and the turkish case

MEMORIA PARA OPTAR AL GRADO DE DOCTOR

PRESENTADA POR

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DIRECTOR

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Madrid, 2016

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Bajo la dirección del doctor

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So long as there shall exist, by reason of law and custom, a social condemnation, which, in the face of civilization, artificially creates hells on earth, and complicates a destiny that is divine with human fatality; so long as the three problems of the age—the degradation of man by poverty, the ruin of women by starvation, and the dwarfing of childhood by physical and spiritual night—are not solved; so long as, in certain regions, social asphyxia shall be possible; in other words, and from a yet more extended point of view, so long as ignorance and misery remain on earth, books like this cannot be useless.”

Les Misérables, Victor Hugo, 1st January 1862

To my beloved husband Deniz

RESUMEN

A partir de los años 70 y después del auge de las políticas neoliberales, los académicos empiezan a considerar el bienestar como un concepto no sólo relacionado con las políticas convencionales del Estado sino también con el funcionamiento del mercado y la actividad de sociedad civil. Algunos autores como Esping-Andersen (1990) llamaron al conjunto de este sistema, Régimen del Bienestar. El planteamiento de Esping-Andersen se ha convertido en un paradigma fecundo para las investigaciones sobre la política social. Sitúa a los estados dentro de un mix de generadores de bienestar donde los gobiernos interactúan con los mercados y con las familias para producir y distribuir el mismo. También se presta atención a los resultados del bienestar y a su impacto final sobre la seguridad humana y la satisfacción de las necesidades. Durante los años 80, se desarrolló un estudio comparativo en donde se observó la interacción entre la provisión pública y privada de bienestar. Lo que se estaba estudiando era el conjunto de la producción y la distribución del bienestar. De esta forma, el término de Estado de Bienestar se volvió engañoso. Esta es la razón de la aparición del término Régimen del Bienestar, que es una manera interdependiente de producir y repartir el bienestar entre el Estado, el Mercado y las Familias.

Sin embargo, la tipología está criticada por su base crítica y también por su metodología. Una de las críticas teóricas más significativas para este trabajo es de Ferrera (1996), Moreno (2001), Bonoli (1997) y Liebfreid (1992) que afirma que la agrupación de los países mediterráneos de Europa – Grecia, Italia, España y Portugal- dentro del régimen conservador no es apropiada. Los autores dicen que los países del Sur de Europa tienen características peculiares en términos de provisión de bienestar, particularmente en el papel

de las familias. Por eso la creación de un cuarto tipo “Régimen Mediterráneo / Sur de Europa” es lo que falta en el estudio de Esping-Andersen.

La presente tesis doctoral una amplia investigación profunda para responder algunas preguntas fundamentales. La primera consiste en aclarar si es posible agrupar de manera coherente a los países mediterráneos y del sur de Europa— Italia, España, Portugal y Grecia— en términos de sus regímenes de bienestar. Suponiendo que la primera pregunta tuviera una contestación afirmativa, como el segundo objetivo del trabajo intentamos explicar si es posible delimitar un tipo del Régimen de Bienestar peculiar del Sur de Europa y caracterizarlo en sus rasgos básicos. Por otro lado, las características del grupo no son estables en tiempo y son vulnerables a los cambios económicos. Por lo tanto, nos hace considerar el impacto de la crisis económica reciente sobre el tipo de régimen de bienestar de meridional. Un tercer interrogante que abordamos en la investigación se refiere a si la crisis económica reciente ha consolidado el tentativo régimen de bienestar meridional o, por el contrario, ha contribuido a difuminar sus contornos. Una vez contestando las preguntas anteriormente expuestas, el objetivo original de esta tesis puede ser desarrollado. Por tener una ubicación geopolítica estratégica como frontera entre Europa y el Medio Oriente, así como haber experimentado una consolidación democrática relativamente fuerte unida unas reformas orientadas a la posible incorporación al Unión Europea, Turquía es un país comparable con el resto de Europa. Además, Turquía tiene una semejanza significativa entre sus características socio-económicas y culturales con las del resto de Europa Meridional. Por lo tanto, la pregunta converge a si Turquía podría encuadrarse dentro del grupo de países que forman el Régimen de Bienestar del sur de Europa.

El análisis de datos así como el estudio profundo de una literatura amplia sobre estos temas permite llegar a ciertas conclusiones. En primer lugar, el análisis de conglomerados, que calcula la distancia entre las variables elegidas de bienestar de 15 UE países muestra que los países del sur de Europa no se agrupan con los países del Modelo del Bienestar Corporativista sino que poseen características distintas a las de los países típicos del modelo. Además, aunque Italia, España, Grecia y Portugal comparten con el resto de la Europa Occidental un mismo sistema económico, un régimen político democrático, valores similares y la pertenencia a la Unión Europea (incluida la Zona Euro), debido a su desarrollo económico tardío, a su menor nivel de renta per cápita, a su configuración estatal, a su concepción del rol de las familias y a su cultura mediterránea, estos países han configurado un régimen de bienestar propio y diferente de los tres formulados clásicamente por Esping-Andersen.

Para responder la siguiente pregunta que se encarga del impacto de la crisis sobre la agrupación de los países del Sur de Europa, varios análisis de datos tienen lugar en esta tesis. Los análisis cubren no sólo las variables de cuatro países sino también del resto de los UE-15. Además, para ver el impacto de la crisis claramente, el periodo de pre-crisis es comparado con el periodo de crisis. Así, se puede evaluar el impacto de la crisis sobre los cuatro países y ver sus posiciones dentro del marco europeo. Aunque el impacto sobre los distintos países y las respuestas de sus gobiernos han sido diversos, comparándolos con los otros países de Europa, la agrupación de los regímenes de bienestar referida a los cuatro países del Mediterráneo todavía no ha perdido validez.

La existencia del Régimen de Bienestar del Sur de Europa permite continuar con el objetivo original de esta tesis que se encarga del caso turco. A parte de la interpretación estadística

de las variables de bienestar, se hizo una comparación entre Turquía y los cuatro países mediterráneos en términos de sus antecedentes autoritativos, sus procesos de europeización e industrialización tardía y por último, el papel de las familias en la provisión del bienestar. Dichos estudios y análisis permiten fundamentar los siguientes puntos. El primero es que Turquía tiene mucha similitud con los países del sur de Europa en términos de su historia de gobiernos autoritarios en el pasado y de sus procesos de democratización. Sin embargo, la forma en cómo se llevaron a cabo dichos procesos - el contenido, la intensidad, la longitud y los instrumentos- diferencia a Turquía de los otros cuatro países.

En segundo lugar, aun cuando Turquía, al igual que los otros cuatro países, tuvo un proceso de industrialización tardía, no tuvo el mismo crecimiento rápido como lo tuvieron Grecia, Italia, España y Portugal. Estos últimos se desarrollaron en economías industrializadas y crearon sectores de servicio predominantes. El proceso de industrialización de Turquía tuvo lugar durante los 60s y 70s, sin embargo, debido a políticas de sustitución de importaciones por una industrialización orientada a exportaciones, dicha transformación no pudo culminarse.

Por último, tener las familias como los actores centrales en la provisión del bienestar es otra característica similar entre Turquía y los países meridionales. La dependencia a las familias es significativamente alta en los países del sur. Esta característica socio-económica también afecta las relaciones entre los géneros. Las mujeres son las únicas responsables del trabajo doméstico así como de la cuidar de los niños y de los mayores. Esta estructura es bastante similar en Turquía. Además, hasta la Reforma de Seguridad Social (2006), el sistema de la protección social turca soportaba esta formación social. Las mujeres estaban integradas al sistema mediante sus padres o maridos siendo este punto del sistema turco muy criticado

por causar una discriminación de género. Este es un fuerte aspecto en donde Turquía se diferencia de los países del sur de Europa. Sin embargo, la reforma reciente a la seguridad social turca propone una neutralización e igualdad entre los géneros, logrando así una aproximación con el tipo de bienestar mediterráneo.

Se llegó a la conclusión de que aunque Turquía comparte varias similitudes con los países del sur de Europa; no son suficientes similitudes para poder categorizarlo dentro del grupo de Régimen de Bienestar mediterráneo. Turquía, por tener una democracia relativamente inestable, una industrialización aun no totalmente desarrollada y un trato distinto a mujeres y familias, se diferencia fuertemente del grupo conformado por los cuatro países mediterráneos.

ABSTRACT

The rise of neoliberalism and the experience of several economic crises throughout 1960's and 70's have opened the way to question the ability of welfare state to satisfy the basic needs of the societies. Therefore the term "welfare state" left its place to "welfare regime" in which the responsibilities for the well being of the societies are distributed among state, market and families. Following the introduction of this new term, several typologies of welfare regimes are started to be discussed. Esping-Andersen's (1990) regime typology is considered to be one of the most significant one which covers most of the European countries. On the other hand, it has also led to criticisms for being lack of several aspects. One of them was done by Ferrera (1996), Moreno (2001), Boboli (1997) and Liebfreid (1992), which discusses that the grouping of Mediterranean countries of Europe -Greece, Italy, Spain and Portugal- within the conservative regime type. Those authors affirm that Southern European countries have their peculiar features in terms of structure of welfare provision and they form a fourth type which may be called "Mediterranean/ Southern European Regime".

At this point, this doctoral thesis carries the discussion one step further and covers a profound research to answer some fundamental questions. Chiefly, clarifying whether it is possible to talk about a coherent grouping between the Mediterranean countries of Southern Europe in terms of their welfare regimes is our first objective. Then by assuming that it has an affirmative response, it is aimed to reflect the characteristics of this grouping. On the other hand, those group features are not static in time and they are sensible to various economic changes. Therefore it makes us to consider the impact of the recent economic crises over the Southern welfare regime type. The question is if the diverse

responses of the Southern European countries to the recent economic crisis have consolidated the tentative Southern welfare regime or, on the contrary, have helped to blur their contours. After clarifying those questions, the original objective of this thesis which searches to what extent it is possible to include Turkey into this grouping, takes part. For having a strategic geopolitical location like border of Europe with the Middle East and for having experienced a relatively strong democratic consolidation, Turkey is comparable with other European ones. In addition, its socio-economic and cultural features reflect significant similarities with Southern European countries. That is why we aim to question if Turkey could fit within the group of countries that form the welfare regime of Southern Europe.

In the end of several data analysis and a deep literature review, we obtained some results which enabled us to come to significant conclusions. In the first place, the cluster analysis which calculates the distance between 15 European countries in terms of selected welfare indicators reflect that it is not adequate to include Southern European countries within the same group of representatives of Andersen's conservative regime model. Similar historical backgrounds, shared cultural values, high fragmented labor markets, significant transformation from corporate tradition towards universalism in social protection, the selectivity in the distribution of monetary benefits through patron-client relations, the importance of informal sector and most significantly, stronger familialistic character in the provision of welfare, shape this peculiar grouping and differentiate Italy, Spain, Portugal and Greece from the rest of the continent.

According to the following question that we deal in this thesis we ask if the spheres that are affected from the crisis have strengthened the grouping of the four countries or in an opposite way, they have deepened the divergences between them. Through statistical data

which covers pre-crisis and crisis period, we compare four Southern countries with each other and also with the rest of the EU-15. This enables us to see their position not only within their small group but also in the big European picture. In the end, it is possible to claim that although the diverse responses exist in Greece, Spain, Italy and Portugal, by comparing them with other European countries, it is clear that the crisis did not have an impact over the grouping between four. Therefore, it is still valid to talk about the existence of Southern European welfare regime model.

The existence of Southern European welfare regime type permits us to continue with the main objective of this thesis and to look at the Turkish case. Apart from the statistical interpretation of welfare indicators of each of the countries, we also compare them in terms of their authoritarian backgrounds, late industrialization processes, Europeanization periods and lastly the importance of familism in those societies which refers to the predomination of the families as welfare actors.

In the end of the comparison, it seems like there are some similarities between Southern Europe and Turkey for experiencing authoritarian governments' rule in their past and subsequently for going through democratic transition processes. However although those processes resemble, the intensity of authoritarian rule, the length of repression period and the variety in democratization instruments differentiate Turkey from Mediterranean countries.

On the other hand, Turkey is also comparable for having a late industrialization process while Greece, Italy, Spain and Portugal are also called as late industrialized countries. However with rapid growth rates, they managed to transform their economies into ones in which industry and service sectors are predominant. On the other hand, although Turkey

experienced a considerable industrial progress in 60s and 70s through ISI and EOI policies, unlike others, the transformation of the Turkish economy could not be accomplished fully.

Familism which refers to the family solidarity and the preservation of traditional family is the last point that is analyzed in this comparative analysis. Families are the main providers of social care and the family dependency – particularly by youth dependency- is significantly high in Southern countries. This socio-economic feature affects the gender relations within those societies as the women are considered to be responsible for the domestic work. The structure is quite similar in Turkey and additionally until the Social Security Reform (2006), Turkish social protection system supports this formation. Women were integrated to the protection system through their male family members and it was highly criticized for its gender discriminative characteristic. At this point, Turkey and Southern European countries differentiate again, for having different perceptions of women in their social protection system. However latest Turkish social security reform proposes “gender-neutralization” as answer to all gender related critics and it refers to equalization of women and men in legal terms. This type of equalization may approach Turkey to Mediterranean welfare type while bringing new gender inequalities with.

In the end, we come to the conclusion that although Turkey shares various communalities with Southern European countries, they are not sufficient for Turkey to be categorized in the Mediterranean welfare regime group. Turkey differs from them for being relatively an unsettled democracy, a not-fully accomplished industry and for having a relatively limited social security system with diverse approaches to women and families.

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1 INTRODUCTION

This chapter presents the theoretical framework and the methodology of the thesis. Apart from the motivations of this work, it is also possible to find the structure, objectives and various hypotheses of the research.

1.1 Motivations of the research

From the XIXth century, the area of the economy has changed as a result of the great transformation caused by the Industrial Revolution and the consolidation of capitalism. Since then, the object of the economy is not limited to the analysis of the household management, but also to the analysis of the relations of economic production, exchange, investment and consumption that include the market and the state. The change in the central interest of economy gave rise to the use of the term "political economy". The introduction of the term "political" has generated a debate about the responsibilities of the state in the economy.

The first objective of this study is to analyze the role of the welfare state in the economy. Economic crises that the world economy has suffered from in the last decade have brought the state again to the center of the debate. However, aside from its role as “re-activator” of the economic activity, its role in social protection is also controversial. (Beland & Cox, 2010; Schmidt, 2008; Stiller, 2010; Vis & Van Kersbergen & Hylands, 2010)

Another concern that has given rise to this work is the possible inability of the welfare state to provide basic needs of society. The responsibility of satisfying them is currently divided between the state, the market and civil society and its articulation has been a new challenge for the maintenance of social protection at a time in which the transition from the welfare

state to welfare regime is being discussed. Analyzing this transition is another motivation of this thesis. It should be added that this transition has not occurred in the same way in all countries. The distribution of responsibilities between the three spheres of the economy has been structured in different ways and has caused different varieties of welfare regimes. The attempt to understand the differences between the regimes and groups of countries according to this criterion has been an additional reason that has driven this work.

Finally, the last global crisis which has affected intensely to European economies also caused drastic changes in the well-being of societies. This alteration has caused the question of whether the groupings of welfare regimes experience changes or not. This issue became the last focus of our work.

1.2 Theoretical Framework

This part includes three sections. In the first, the debate about the welfare as an economic object is observed. Different approaches are reflected chronologically until the 1970s which corresponds to the period of the crisis of the welfare state. In the second section, different interpretations of the reasons and the consequences of this crisis are compared and afterwards, in the last section, they are related to the formation of the welfare regime. It is possible to find the definition of the welfare system and its typologies which are conceptualized by various academics working in this topic.

1.2.1 The study of welfare as an object of economic study

The emergence of political economy took place in the XIXth century as one of the consequences of the Industrial Revolution. The French Revolution and the beginning of the modernization process encouraged major changes in the societies. The possibility of

production in large quantities made companies perceive the need for an authority to organize resources. With the formation of the nation states, the states started to fill the void. Until the end of the XIX century the term "economy" referred to the management of material resources of the families but since then with the intervention of the state in the economy, it began to refer to the management of economic relations with the state. (Nurske, 1952)

The existence of the state as an economic agent gave rise to different analytical approaches with respect to its function. Classical approaches defended the freedom of the market and the existence of an "Invisible hand" which allowed the market to self-regulate. Accordingly, the classical economists were the first intellectuals who began the debate about the responsibility of the state in the economy. According to their approach, the state is responsible only for the defense; internal security and justice of the nation and these items are not directly related to the economy. Skeptics about the classical approach affirmed that separating economy from politics is not possible. Although the economy is not inherently political, inevitably there is a close relationship between them. It should be added that skeptics did not support the concept of a state-centered economic system. Most of the skeptics, having Marxist ideas, perceived the state as an agent of the capitalist system that has an important role in the preservation of the structure of the classes and the existing social order.

In the beginning of the XXth century, a new neoclassical approach emerged. The new approach accepted the failure of the market but not perceived it as a structural deficiency but a lack in the preference of individuals. What it admitted was the utilitarian philosophy where every individual is a rational and attempts to maximize their individual utility.

Rational agents find an optimum point by trying to maximize their profits not only in the market but also in the political area. As a result, although they accepted the relationship between economics and politics they also denied the state intervention into the economy.

As a response to the neoclassical approaches, Keynes (1936) claims that the market failure is inherent to its dynamics. If solely market dominates the economy, it would be impossible to avoid the economic crisis. The state must ensure the maintenance of capitalist system in two ways: first by correcting imbalances between supply and demand through an active economic policy – fiscal and monetary – and second, by assuming responsibilities in collective social protection, such as education, healthcare, pensions and unemployment benefits. The Keynesian proposal for a mixed economy ended up giving birth to the welfare state.

The frequent use of the term welfare state began in the 1940s. The idea was to reflect the state not only as an agent of the military-industrial power but as a significant institution for the redistribution of income and to cover the collective risks. In the same decade, Beveridge prepared a plan in England titled as his name, which is an important document for understanding the genesis of the welfare state. According to this plan, the state should be responsible for providing a basic income in times of crisis to all citizens. The main objective of Beveridge was to ensure a minimum standard of life that should not be allowed to go down under any circumstances. It was also considered to be a competition for the state to reach the full employment, which would mean maintaining an unemployment percentage not greater than the 3%. The state should maintain the well-being of society and ensure social justice.

In the 1950s, T. H. Marshall also wrote about the topic and incorporated the concept of citizenship to the academic area of the welfare state. His work "Citizenship and Social Class" (1949) defines the state as an institution with social responsibilities to its citizens, not only in terms of economic well-being, but also in legal terms which would allow them to share the social inheritance and access to a decent life. In the decade of the 50s, it became very popular in the academic field to write about the need for social protection and the creation of social services to provide the security and equality in society.

On the other hand, criticism of the welfare state gained power over these years. They were not only coming from the conservative right, but there was also a significant opposition from the left. Numerous leftist authors viewed the state as an agent of the capitalist system and continued affirming that the intervention of the state in the economic sphere would worsen the social situation by preventing the emancipatory movements of workers. Conservatives were concerned about the functioning of the market and how the state intervention influenced it through distorting its dynamic and reducing its efficiency. The criticism of the right formed the root of neo-liberalism of the 1970s. They not only criticized the welfare state but also blamed it for discrimination and unequal treatment in the distribution of income. Hayek (1944), one of the most dominant thinkers of the right, argued that in a social state, there is no place for free choice on health, education, employment and housing.

Another neo-liberal economist of the Chicago School, Friedman agrees with the ideas of Hayek and insists that the state has to serve only to maintain law and order at a minimum level, to observe the economy without intervening in the functioning of the competitive market. Friedman was the creator of the debate on the school voucher which was raised for

the first time in his essay "The Role of Government in Education" (1955). He proposed that instead of using the public service in the education, the state could provide some funds to the schools or institutes which parents choose. In this way, it would be possible to create a competition among the schools which also would raise the level of teaching quality. However the most important result of the initiative would be to give the opportunity to families to choose between educational institutions. Apart from the debate about free choice and the unequal treatment, the most problematic aspect of welfare state for the neo-liberals was the fiscal deficit which was created as a result of the large increase in public expenditure. These economists blamed for the 1970s crisis and for the excessive weight of the welfare state that would have increased the fiscal deficit with inflationary results.

Finally, one of the most widespread criticisms of the welfare state was articulated around the negative effects of state intervention. The expulsion of private initiative from some sectors of the economy because of the excessive volume of taxes on companies and the difficulty of obtaining credit funding when the savings of the country are used to finance the public sector were two of the more prominent negative effects of the welfare state from the neo-liberal perspective. They also claimed that although the workers obtained a lower net income, as they had access to social protection, they had less incentive to work harder or to seek job opportunities in case of unemployment. What exists behind this idea is the conviction that the state is not able to redistribute resources in an efficient manner because its first goal would not be the profitability. In addition this, it disrupts free competition and causes dysfunction of the market in terms of labor costs. Because of its negative effects on the profitability and competition, the state was seen as the prominent responsible of the crisis of the 70s.

1.2.2 The crisis of the welfare state

The set of all the factors that are involved in the quality of life and give rise to human satisfaction can be understood as welfare. It can also be classified as social welfare (in reference to collective provision) economic welfare (in reference to the forms of guaranteed welfare through the market or in the formal economy) and the welfare state (in reference to the state agency through which the social welfare provision is realized) (Pierson, 1999). Human satisfaction and quality of life are two subjective conditions that are different for each individual and not observable directly. "The difficulty of measuring welfare forces us to delimit the concept towards the field of basic needs (food, shelter and clothing, but also health, education and protection against social risks linked to the age - pension - or other contingencies)". (Culfaz, 2014, p. 106)

Giving a definition of the welfare state is not easy. The reason of this difficulty is that this concept includes various contents. The definition of Harold L. Wilensky is one of the most commonly used one in this field: "the essence of the welfare state is a guarantee by the government of minimum standards of income, food, health, housing and education, attributed to each citizen not as charitable gesture but as a political right". (Wilensky, 1975, p. 1)

According to the framework of Wilensky's modernization theory, the rise of the welfare state reflects the economic development that is conceived as the result of the processes of industrialization, urbanization, and rationalization. Against this statement, Moris Janowitz argues that the development of the welfare state is embedded in political processes such as: nation-building, the institutionalization of democracy and the implementation of the political, social and legal rights of citizens. Janowitz considers the welfare state not only as

a reflection of an offer of a mature economy, but also as a product of inclusive rights and institutions which increasingly become more universalistic. "...analyzes the welfare state from the perspective of social control which can be defined as the ability of a society or social group to pursue a set of superior moral values. In his view, the contemporary structure of the welfare institutions has contributed to the development of regimes that are governed by narrow margins or unstable coalitions, or even by minority governments" (Martinez, 2006, p. 18). His definition of the welfare state includes political control through a parliamentary democracy with an effective legislative opposition. (Janowitz, 1976, p.17)

According to the neo-Marxist theory, the capitalist state must "simultaneously" fulfill two contradictory features of the system - the accumulation and legitimation - and it is very far away from being a conscious instrument of the ruling class (Offe, 1984). The capitalist state depends on incomes coming from private sector production and it functions by contributing to the process of capital accumulation and providing the social capital through investment and social consumption. The social investment ensures the prerequisites of capitalist production, which are urban infrastructure, education and research and in this way it causes an increase the labor productivity. The social consumption decreases the reproduction of the labor costs through providing a social security system to workers. The total social capital increases in parallel to the centralized and private capital whose only goal is efficiency and "profit". With regard to the relationship between capital and labor, the social policies of the welfare state incorporate workers to the labor force through direct and indirect wages or in other words through a " administrative re-commodification " (Offe, 1984, p. 120) and thus, the labor force conforms to the requirements of the capitalist labor market.

On the other hand, because of the need to ensure the process of accumulation, the capitalist state must maintain the public loyalty through taking charge of social expenditures. Some expenses, even if they are necessary for the legitimacy, are not productive in economic terms; however they serve to sustain the social consensus. The crucial point of the analysis - as it is mentioned previously - is that the two functions of the welfare state- the accumulation and the legitimation - are partially contradictory. The welfare state distances itself from the mentality of the capitalist economy by providing goods and services as use values and it weakens the primacy of the obtaining of benefits, which is the first target of a capitalist economy.

Ultimately, the contradiction between the accumulation and legitimacy is based on the tension between pure democracy and market capitalism. According to Marxists, the universal suffrage and the citizens can lead to the emancipation of the working class through the use of political power in order to eliminate private ownership of the means of production. On the other hand, liberal democracy could also give rise to relatively authoritarian regimes that maintain the domination of the capitalist class. The historical importance of Keynesian economics lies here. Keynesianism creates political and ideological bases for a compromise between capitalism and democracy and also between capital and labor. The state, through the management of unemployment and the redistribution, reconciles the interests of the workers -who are productive- and those of private property - who controls the means of production-.(Przeworski, 1985) In a democratic Keynesian capitalism, workers give consent to the capitalist social relations while capitalists accept the participation of workers in the formulation of some policies such as the increase of wages,

social security against the risks of the labor market and the responsibility of the state in full employment.

According to Keynes, the economic crisis may be defined by the insufficiency of the demand and, through counter-cyclical demand management; workers convert their "consumer" roles into "representatives of the public interest" where they can slightly give shape to the production. An augmentation in wages, public spending and social well-being increases the demand and thus it stimulates the production which leads to full employment and a high profit rate. In this sense, the material interests of the workers and also of capitalists are partially reconciled.

In a liberal democracy based on majority rule and parliamentary representation, the state is committed to the public interest. So the interventionist state created expectations that democratically controlled economic management can solve the economic crises. In this case, conservative analysts say that in the welfare state, some instruments of redistribution and a specific level of public consumption cannot return to its original level without a threat of the loss of the loyalty of the majority of the population. This mentality leads to the chronic inflation (an overload of economic demand) and the crisis of governance (an overload of political demand). (Offe, 1984)

However it should be noted that discussions on the social policy began much before the oil crisis. The first type of criticism for the welfare state is not focused on its economic potential defects but on its social impact. The arguments of authors such as Roland Huntford, Ivan Illich or Helmut Schelsky drew attention in the beginning of the 1970s. (Alber, 1988, p. 182) Their two basic arguments were that the welfare state limited individual freedoms and also weakened the intermediate groups. With the recession of the 1970s, a second type of

criticism including economic aspects accompanied to the first type and added the adverse effects of the welfare state on the competitiveness of producers in the international market. According to Alber, we can call the first type as a political liberal attack on the welfare state and the second as an economic liberalism attack. (Alber, 1988, p. 182) In the next decade, in the 80's, there were several interpretations about the crisis of the welfare state. These interpretations can be grouped into two. The first perspective questions whether the crisis was only a recession period and if it had to be considered as an inherent element of capitalism. On the other hand, the second claims that this period of crisis is unique and can result in major changes in societies and that could cause a readjustment process. Alber, in his article, classifies these interpretations among three groups; Durkheimian, Weberian and Marxist.

The perception of the welfare state by Marxist authors has already been explained. The rising intensification of the exploitation of workers in the business sector increased its need to cover certain levels of welfare and social protection by the state. Public intervention is necessary not only to balance the contradiction between capital and labor, but also to obtain the reproduction of the human labor which is the main profit generator. However, the welfare state cannot solve the crises of capitalism; but it creates new problems related to social expenditures. According to the Marxist tradition, the crisis of the welfare state is just another type of reflection of the crisis of capitalism. The modern state fulfills the social functions required for social integration or reinforces the activity of the capitalist economy, while in general both objectives cannot be achieved at the same time. (O'Connor, 1973; Gough, 1979)

From the perspective of Durkheim, the welfare state is considered as the consequence of the problems in the modernization process. The modernization process and particularly the urbanization softened the traditional ties and societies started to seek institutions to satisfy their security needs. The emergence of the welfare state is related to this search. The growing trend toward the mobilization and democratization also serves to channel this demand to the political system. This is why; there was an expansion in the post-war period in the welfare state. According to this approach, the weakening of social integration mechanisms, such as the family, is the foundation of the expansion process of the welfare state and thus the welfare crisis is a crisis of modern democracy.

In the modern and democratic society, citizens and interest groups are more mobilized and have more influence in the decision-making processes than in the precedence. This is why it is more difficult to define a common public interest by governments. The growing complexity in the social structure leads to a change from class to mass parties. This change creates a political instability and generates even more dependence on governments with regard to pressure groups. Consequently, the expenses of the government are influenced by the demand of these groups. This situation diminishes the authority of the state as each group has its own interest. The government deficit increases and short-term consumption takes the place of the long-term investment. Basically, the fiscal crisis of the state can lead to an economic crisis which can even influence the democratic order. From a conservative perspective, it is possible to say that crises occur because of the inability of the state to organize social expenditure and restrain them against the pressure groups. (Huntington, 1975; Janowitz, 1976)

Thirdly, the Weberian ideas dominate the concept of the welfare state. According to this group of ideas, the welfare state is related to the elites who seek new bases of legitimation. After the creation of supranational military powers and the dominance of the global economy on all nations, the functions of the state have less control over maintaining external security and the judicial order and the elites try to find new liabilities. These new liabilities take the form of services which serve to deal with social problems in the modernization process. Institutionalization of public problems charged the states with the responsibility to classify the various demands of society, which each is formed according to their peculiar priorities. The difference between those who are recognized and those who are not, leads to the marginalization of latter groups as their interests are not considered by the public.

On the other hand, authors like Moran argue that there isn't any crisis of the welfare state. In fact, there are problems in the political administration and financing of the fiscal economy. Rather than focusing on the question of why the welfare states are in crisis, we must ask why the ideas of the 70s were not verified. According to Moran, we cannot talk about a welfare state crisis because there is not only one model of the welfare state. (Moran, 1988, p. 412) The states are formed by the peculiar dynamics of each country. The extent of the variation of the states is so great that it includes Stalinists, Bismarckians, social democrats, Keynesians or neo-liberals. Each one has its own model of the crisis and of course its own way of solving it.

In summary, several academic groups tried to clarify the crisis of the welfare state. However, although there are several views on this matter since the 80s, what is the most significant thing is that, there is really a deep intellectual crisis on the topic. It is obvious

that although the defenders of the welfare state have lost credibility, the impact of the post-Keynesian period on academics is also a significant social fact that has implications in the area of welfare.

1.2.3 Welfare States Regimes

From the 1970s and after the rise of neo-liberal policies, academics begin to consider welfare as a concept not only related with the conventional policies of the state but also with the functioning of the market and civil society activity. Some authors like Esping-Andersen (1990) and Ian Gough (2004) consider the welfare regime as a whole system. The approach of Esping-Andersen has become a fruitful paradigm for research on social policy. He positions the states within a mix of generators of well-being where governments interact with markets and families to produce and distribute the same. It also pays attention to the results of the well-being and its ultimate impact on human security and the satisfaction of needs.

According to Esping-Andersen, studying only the welfare state leaves a great "residue of well-being" without an explanation. (Andersen, 1999, p. 35) During the 1980s, a comparative literature was developed which observed the interactions between public and private welfare provision. The production and distribution of welfare were studied together. Therefore, the term of the welfare state became deceitful. This is the reason of the appearance of the term "welfare regime". A welfare regime is an interdependent way of producing and distributing welfare among the state, the market and the families. It is essential to identify that three areas represent three different principles of risk management. Within the family, the dominant method of resource allocation is reciprocity. However within the market, the distribution is motivated by economic interests and the

third sphere, the state has a normative character. In none of the fields, the methods directly involve the egalitarianism. In addition, the three pillars of well-being are not equivalent and not replaceable with each other. So it would not be correct to think that markets are involved in what the state and families neglect, or vice versa. Markets may fail, the responsibility of families on care can be restructured and "even Stalin did not assume that the state can fulfill all". (Andersen, 1999, p. 36) Nevertheless, the total capacity of the three institutions and their complementarities can manage and reduce social risks.

In macro terms, the characteristic of each area of a welfare regime depends on properties of the other two, and at the micro level, the well-being of individuals depends on the way how it has been provided between the three. The example of Andersen explains it clearly. A traditional family in which only the man works does not have as much demand for private or public social services as a family with two or more economic providers. When families are able to provide themselves many services by themselves, it influences the market. It results in less supply of labor and less service centers because members of the family - usually women will not be included in the labor force and will stay at home taking care of others. On the contrary, when the state provides certain services, it creates an impact on families and the market. There will be fewer housewives, more participation in the labor market and individuals will require more public social services as they are not taken care at home.

The differences in the distribution of the welfare provision are caused mainly by different historical experiences and it created the three basic welfare regimes types: the Liberal, Social Democrat and the Conservative/Corporatist. In the liberal regime, the state has a marginal role in social policies. There is a confidence in the market sovereignty and its capacity of self-regulation. Social security is relegated to the market. Public social security

systems do not play an important role and are not actually formulated for the middle class but are acceptable only for the basic needs of the lower class. The main countries in which this model is in force are Britain, United States, Canada and Australia.

The second model is called social-democratic regime. This type is characterized by a comprehensive social security system that covers the majority of social risks, the high-level universalism in social services, generous benefits and considerable investments not only in cash benefits but also in the provision of social services of good quality. The social-democratic regime guarantees citizens to have maximum de-commodification in the coverage of their needs and to have the possible highest living standards independent of their participations to the labor market. The rights are based on citizenship and do not require a proof for need or a specific relationship with the market. The Scandinavian countries push the borders of the universalism more than any other.

The conservative/corporatist regime includes countries such as Italy, France, Germany, Austria or Spain. In this regime the de-commodification is less extensive and public social security is aimed for the preservation of the status and of the differences between the classes of society. Based on the corporatist traditions, this regime provides social security through a stratified labor market and some cash transfers to subsidize the traditional role of women in the families instead of providing public services that allow women to enter the labor market. The state has an important role on the de-commodification of the labor force but its redistributive function is much more limited than in the previous model. Common features of the countries that participate in this model are their conservative orientations, the importance of the Church and the family institution within society. The family is the main caretaker of all its members, which indicates that in case of need, parents are

responsible for their children or vice versa; the children for their parents. In the liberal regime, the term "residual" means collecting social risks that stay behind the failures of the market; while the conservative regime defines it as a response to the incompetence of the families. To summarize the three models we can see the table used by Andersen in his book "Social Foundations of Post-Industrial Economies". (1999)

Table 1.1: A Brief Summary of the Charecteristics of the Regimes

	Liberal	Social Democrat	Conservative/ Corporatist
The role of			
Families	Marginal	Marginal	Central
Market	Central	Marginal	Marginal
State	Marginal	Central	Subsidiary
The dominant mode of solidarity	Individual	Universal	Relationship Corporatism Statism
The dominant place of	Market	State	Family
The level of de-commodification	Minimum	Maximum	High level
Examples of the models	USA	Sweden	Germany, Italy

Source: Esping-Andersen (1999, p.85, Table 5.4)

Apart from the Esping-Andersen typology, we can consider another type of classification that distinguishes Bismarckian and Beveridgean regimes. (1990) Bismarck designed the first social protection plans for workers in the second half of the XIXth century. His plans categorized society in various occupational groups and organize the social security system according to the participation to the labor market. According to the plan the beneficiaries

finance the system based on their income and the reciprocity is the dominant principle of the system. Certainly, it is not possible to extend the social protection system to the entire society. On the other hand, according to Beveridge Plan of 1940s, the main objective of the social security is to ensure regular income of the salaried population as well as basic needs. Anything that threatens the maintenance of regular income at a subsistence level is considered as a social risk and the social security system should protect workers against those social risks. The expected benefits in the Beveridgean regime depend on means testing. According to his reasoning, the part of the society which is not salaried should also be covered through the social assistance programs. The system is financed through general taxation. In summary, the Beveridge Plan embraces all citizens without considering their employment situation and protects them against all risks that put their incomes at risk.

Two concepts, insurance and redistribution, reflect the distinction between two types of regimes. The 'insurance' concept focuses on protecting workers against the loss of income in case of unemployment, disability or retirement. It promises a lifelong income to the beneficiaries. The contributions as well as benefits depend on income and most of the programs are administered by the trade unions and the employers. The concept of 'insurance' in social policies preserves the socio-economic status on the grounds of the existence of a link between contributions and the types of benefits. This concept is related to the Bismarck's regime because of putting the reciprocity principle in the center of the regime. On the other hand in the "redistribution" programs the focus is on the bonds of citizenship. The benefits are intended for all: workers without sufficient unemployment insurance, households without a source of income or workers with very low incomes. The benefits depend on means testing and only provide a guarantee of minimum income

according to the cases. There isn't any link between benefits and contributions because those are funded through general taxes. Finally, the difference between two models can be characterized by comparing the solidarity between insured workers and the citizens. (Butter & Kock, 2003; 250) Germany, Spain and France are countries that show the characteristics of the Bismarckian system; while the Nordic countries can be generous examples of Beveridgean system. However, in reality many European countries combine elements of both types and each one has its peculiar security system depending on the political and economic context. In addition, it should be noted that the classification of countries is not stable over time.

Table 1.2: The characteristics of the Social Security Concepts in Europe

	The security concept (Bismarck)	The redistribution concept (Beveridge)
Object	Ensure the socio-economic status	Ensure the income at a subsistence level
Eligibility	Depends on contributions	Does not depend on contributions
Anticipated Profits	Depends on income testing	Depends on means testing
Types of Benefit	Depends on previous salaries and contributions	Depends on means testing
Financing	Through premiums	Through incomes for general taxes
Administration	Private	Public
Focus	Labor Market	Rights of the citizens
Examples	Germany	United Kingdom

Source: Butter and Kock (2003, p.251, Table 14.1)

Before considering another typology model, it is necessary to explain the different approaches about financing both models. It is expected that the Beveridgean countries that adopt the redistribution concept are willing to spend large part of their income on social assistance. The reverse pattern is applied in the countries in which the concept of insurance dominates. A Bismarckian system provides high benefits to a limited group; while the Beveridgean system provides relatively low benefits but for a larger group. It seems interesting that finally the total expenditure on social protection as a percentage of GDP does not differ much between the two systems. (Butter & Kock, 2003, p. 251) However, this duality creates a balance between universal and targeting policies. Targeting policies directly address the risks of a social group closely defined, but the people that stay out of this group can adjust their behavior to enter and have the right to benefits. On the other hand, universal social security policies may not respond to every kinds of problems on the grounds of the high number of recipients and at the same time may suffer a deadweight loss because a large number of beneficiaries who are entitled to services but do not really need them.

Finally, it is important to take into account the typology of Ian Gough and Geof Wood which question the possibility of applying previous typologies to the undeveloped countries. According to Gough and Wood, the underdeveloped countries exhibit characteristics of governments with problems of legitimacy and in addition, neither the labor market nor the financial markets work well. These problematic conditions limit the ability of the State to act in a compensatory way against unfair results of market. Gough and Wood begin their work by criticizing the concept of the welfare state regime of Esping-Andersen. In the first critique Gough and Wood point out that Esping-Andersen applies his concept only to the societies which has already been transformed to capitalist welfare

states. However the use of the concept of de-commodification of labor is very problematic in countries where the informal market is very large and works in a different way than the labor market which is impersonal and contractual. (Eder, 2009, p. 154) Secondly, a significant percentage of the rural population -works in agriculture- and the abundance of labor that is not salaried make it difficult to use the concept of de-commodification. On the other hand, as the third critique, women play a more crucial role in the provision of welfare, especially when considering children and adults. However several roles that women have - within and outside the family- are completely ignored. Finally, variations of welfare regimes can be caused by different political characteristics of developing countries. Apart from the different classes of society; ethnicity, religion, caste, kinship or other interpersonal networks can be significant in the formation of political culture. Different political cultures may complicate the establishment of the welfare regimes.

Because of these limitations that the previous typologies have, Gough and Wood identify two different regime types aside from the welfare state regime; informal security regimes and insecurity regimes. The two types include the state and non-state institutions in the reproduction of security and insecurity and also they recognize the existence of peripheral capitalism.

Informal security regimes explain the systems where a large majority of people depends on the various groups of the community or family relationships to satisfy their security needs. However, relations with dominant groups of the society patron-client type relations and they provide some level of security. This type of relationship also gives rise to inclusion and integration problems. As society is not protected by formal but informal norms, the

poorest part is obliged to negotiate with the ruling powers to obtain some grade of security in exchange of a long-term dependency.

As the second type which is the opposite of the previous, the insecurity regime describes systems that prevent the formation of informal mechanisms but generate great insecurity in society. These regimes arise in areas where external and powerful actors interact with weak internal actors to generate conflicts and political instability. This atmosphere weakens the patterns of patronage and the formation of informal rights and makes the functioning of the survival mechanisms of households difficult. In an environment where governments cannot play a role to improve the security, the result is chaos for everyone, except for a small group of elites.

Finally welfare state regime is the third one in the conceptualization of Wood and Gough. In this regime people look for the security not only for their own lives but also for those who they care, through systematically repeated agreements. The idea of a welfare state regime represents the relationships between a set of rights and the objectives that are formed by national institutions and also the global economy. This relationship limits the autonomy of the state and includes other non-state actors in social policy. The table of Wood and Gough summarizes and compares the three types with clarity.

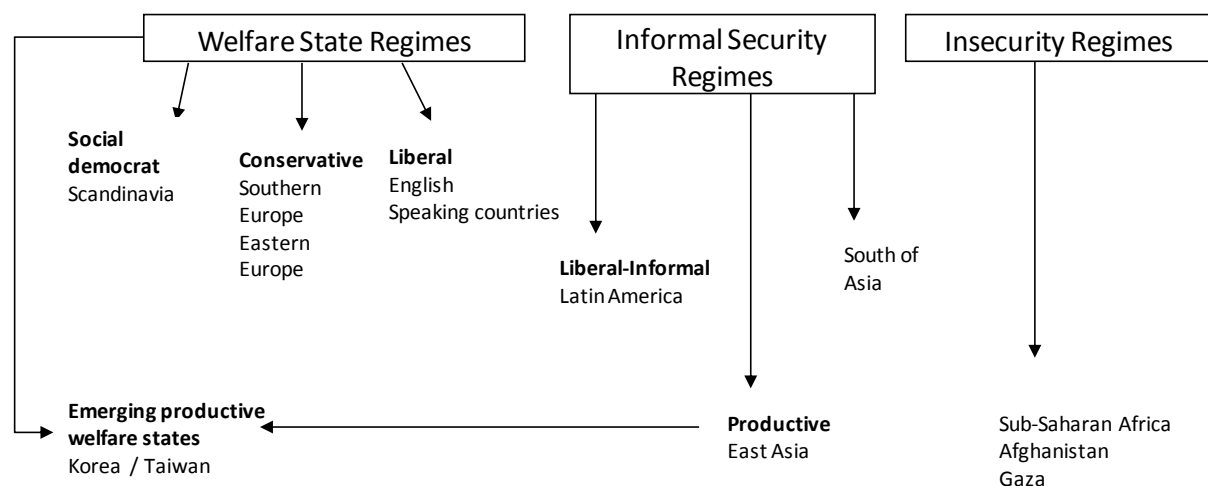
Table 1.3: The Scheme of the Comparative Welfare Regimes

	Welfare State Regime	Informal Security Regime	Insecurity Regime
The dominant form of production	Capitalism: Technological progress more exploitation	Peasant economies within the peripheral capitalism: the unequal development	Predatory capitalism
The dominant social relationship	Exploitation and inequalities of the market	Motley: exploitation, exclusion and domination	Motley forms of oppression, even the destruction
The source of the dominant subsistence	The access to formal market	The portfolio of subsistence	The portfolio of subsistence with the extensive conflict
The dominant form of political mobilization	Coalitions of classes, theme parties and political agreements	Diffuse and particularly based on identities: patron-client	Diffuse and fluid
The form of state	The relatively autonomous state	"The state" hardly differed from other power systems	Collapsed and criminal states with porous edges
The institutional view	A combination of market, state and family	The extended array of institutional responsibility with powerful external influence and the extensive negative permeability	Precarious: The extreme negative permeability and the fluidity
The results of the welfare	Various levels of de-commodification more human investment and investment in health	Modified insecurity for informal rights and the adverse incorporation	Insecurity: Intermittently extreme
The development of "path-dependency"	Liberal, conservative and social democrat regimes	A less autonomous dependency with some faults of regime	Political imbalance and chaos
The nature of social policy	The compensatory power based on differentiation and positive permeability	Less distinct politics due to the permeability, the pollution and foreign actors	Absent

Source: Wood and Gough (2006, p.1700; Table 1)

This regime typology is built on a theoretical framework composed of four components: the institutional framework, the matrix of institutional responsibility (welfare-mix), the results of welfare and consequences of stratification and mobilization. Starting with the results of welfare, this component refers to the various measures of poverty as they are conceptualized and measured in the approach of Human Development (IDH) and the Millennium Development Goals (MDG). These results are determined by the matrix of institutional responsibility (welfare-mix). Within the matrix, Wood and Gough defined four actors: the state, the market, community and household. They categorized the responsibilities of four actors in two areas; domestic and supranational. The formation of this type of categorization depends on the institutional conditions that will give shape to the institutional framework. The characteristics of the market and the state, the extension of social integration, cultural values and the position of the country in the global system are conditions that include the institutional framework. Finally, the systems of stratification and mobility are also causes and consequences of other components. The distribution of power, exploitation, exclusion, the mobilization of the elites and the poor are factors that affect the entire theoretical framework.

Figure 1.1: The Welfare Regimes of Wood and Gough



Source: Wood and Gough (2006, p.1706; Figure 2)

What fundamentally differentiates this classification from Esping-Andersen's model is the inclusion of the civil community as the fourth actor referring to domestic NGOs and other social movements and the inclusion of the concept of the responsibility at the global level such as global markets, international organizations and inter/supranational NGOs. With the help of these new actors, it became possible to talk about the rights and obligations relating to disadvantaged people in underdeveloped countries. It must be added that the inclusion of other non-European countries is a peculiar difference of this typology. (Figure 1) Although the grouping of European countries does not show a change in its regime types, following this new typology, the rest of the world can also be included in the scheme.

As a result, so far, we have handled the different typologies of welfare schemes formulated by their most representative authors. Each one has its own limitations for the formation of groups, for the assignment of the countries into the typologies and for what is referred to as the sustainability of the groupings. Each one also tries to fill the gaps of other typologies through the use of different variables or the inclusion of new countries into the analysis.

Finally, we cannot assume a unique typology of the welfare regimes. This situation allows us to apply new combinations of variables to the developed and underdeveloped countries.

1.3 General approach of the research

In his book 'Three Worlds of Welfare Capitalism' (1990), Esping-Andersen presents a typology of welfare regimes of OECD countries by dividing them into three different groups: liberal, social democrat and conservative. This typology led to several discussions and directed the criticisms which try to reflect the aspects that are not included in the typology of Esping-Andersen. The criticisms go in different directions. But mostly the typology is criticized for its critical basis and also for its methodology.

One of the most significant theoretical critiques of this work has done by Ferrera (1996), Moreno (2001), Boboli (1997) and Liebfreid (1992), which affirms that the grouping of Mediterranean countries of Europe -Greece, Italy, Spain and Portugal- within the conservative regime is not appropriate. The authors say that the Southern European countries have special characteristics in terms of provision of welfare, particularly in the role of families. In addition, these countries do not have the characteristics of the conservative regime which is clearly observable in Germany or France. For this reason the creation of a fourth type "Mediterranean Regime / Southern Europe" fills one of the gaps in the study of Esping-Andersen.

Apart from a fourth alternative group, the authors such as Gough and Wood criticize the typology for its limitation to include only the developed European countries and say that the typology is not applicable to developing or underdeveloped countries. The principals, on which Esping - Andersen based its typology, are not always observable in the countries

where the different political and social systems are dominant. On the other hand other Mediterranean but non-European countries like Turkey, Israel and Malta also share some peculiar characteristics of southern Europe and due to this, it is worth the effort to study the countries of this region.

The criticisms mentioned above are what have inspired this work. Our study takes the debate a little further and by combining the ideas of Esping-Andersen with the first and the second group of criticisms, formulates a few new questions for a further research.

This doctoral thesis aims to respond to several fundamental questions that will be tackled in succession. The first is to clarify whether it is possible to talk about a coherent grouping between the Mediterranean countries of Southern Europe -Italy, Spain, Portugal and Greece- in terms of their welfare regimes. By assuming that the first question had an affirmative response, as the second objective of the work we try to explain if it is possible to delineate a peculiar welfare regime type in Southern Europe and characterize it in its basic features. A third question that we deal with in the research considers whether the recent economic crisis has consolidated the tentative Southern welfare regime or, on the contrary, has helped to blur their contours. Comparing the welfare regime of Turkey with this modality is the fourth task that we take up in this work. Finally, we ask to what extent it is possible to incorporate Turkey into this regime.

Apart from the questions that we raised at the beginning of the investigation, the following working hypotheses arise:

Although Italy, Spain, Greece and Portugal share the same economic and democratic political system, some similar values and the membership of the European Union (including

the Euro Zone) with the rest of Western Europe, due to their late economic development, lower level of per capita income, state configuration, conception of the role of families and their Mediterranean culture, these countries have formed their own welfare regimes that are different from the three classically formulated by Esping-Andersen.

The economic and social impact of the crisis of the last decade in Europe is unquestionable. However, although the impact on the countries and the responses of their governments has been diverse, the grouping of welfare regimes referred to the four Mediterranean countries has not yet lost its validity.

For having a strategic geopolitical location like a border of Europe with the Middle East and for having experienced a relatively strong democratic consolidation, also with the reforms aimed at possible incorporation into the European Union, Turkey is comparable with the rest of Europe. Due to the significant similarities among its socio-economic and cultural characteristics with the rest of Southern Europe, Turkey could fit within the group of countries that form the welfare regime of Southern Europe.

In order to carry out this research, first we must clarify which variables the formation of the Southern European regime type is based on and also according to which criteria a comparison between Mediterranean countries of the European Union and Turkey is

possible. However, first of all we must explain the economic dynamics of a welfare regime that includes three areas of an economy: the state, the market and the families.

These three spheres are linked by several bonds that determine the type of regime. The relationship between them looks like the gears of a machine. Each sphere includes several variables that serve to measure their participation in the maintenance of well-being. The analysis of these variables in different countries allows us to create the welfare regime types but also knowing that it is not possible to include all the specific details of its evolution. What is important is the choice of suitable varieties for our research. Before mentioning the specifically chosen variables for each sphere, it should be noted that the growth of GDP and GDP per capita, the GINI coefficient, the ratio of relative poverty to the total population are variables which are basically used to make a general classification. In spite of being very relevant socioeconomic variables, they are certainly not sufficient to categorize the degree of well-being of the countries with precision. Other variables related to three spheres - market, state and family- allow us to realize the research.

To measure its participation in the maintenance of well-being we prefer to observe the structure of the labor market. The chosen variables of the labor market are unemployment rate, female employment rate, the duration of young people's living with their families, the youth unemployment rate, the long-term unemployment rate and the dimension of the informal sector in the economy. The distribution of employment and unemployment according to gender and age shows the structure of the labor market and allows us to see the differences and similarities between the countries to form modalities.

To measure the participation of state in the maintenance of the well-being, the public expenditure will be our basic criterion. The percentage of public expenditure in the GDP and

also the percentage of social spending in public expenditure are the two main variables of the state's role in the well-being. In addition, the composition of the public expenditure according to the purpose of the expenditure is another important indicator for grouping states and for understanding the state's perspective. We must also observe the social services including social security coverage. The coverage of social security in the health sector not only in terms of who are covered it but also how they are covered, gives us an idea about the countries' welfare regime type. In addition, the organization of pensions is also another indicator which shows the trend of the social system towards the citizens and particularly the labor force.

The last sphere to be considered is the households. The participation of households and families in the well-being is the most difficult dimension to measure. The growth rate of net disposable income of households, the rate of indebtedness, consumption and saving are variables that partially reflect the economic standards of domestic units. In addition, the type of the organization of labor within the family determines their participation in the well-being. Particularly, the role of women outside the labor market, in terms of care of the children and the elderly people is a significant variable in this research. The reflection of the relationship between the labor market and the care services of families in terms of the proportion of people who leave work in order to take care of their children and the proportion of people who use the care services for their children, also, supports the empirical basis of this research.

1.4 The structure of the thesis

The thesis consists of three sections in which each of them has two or three chapters. The three sections are organized by different, but related issues that are reflected in their chapters.

The first part of the thesis includes three chapters. In the second chapter, we question the possibility of forming a group of welfare regime from the four countries of Southern Europe and to answer it, we do a literature review and data analysis. In this chapter, the question of whether it is possible to form a peculiar group for the countries of Southern Europe such as Spain, Portugal, Italy and Greece is answered by depending on a data analysis of the three areas mentioned. In addition, a cluster study is included in this chapter to consolidate our interpretation with a statistical analysis.

The third chapter reflects the impact of the recent crisis on the regime of the Southern Europe. During the crisis, particularly the data of the southern European countries are influenced and most of them are changed. This chapter explains these changes depending on official data and questions the permanence of the grouping among the countries mentioned above. In this chapter, the comparison of data is between Greece, Portugal, Spain and Italy and does not include the rest of the European countries.

As a continuation of the previous chapter, in the fourth chapter, the data released by the welfare of the Mediterranean countries are compared with other European countries. The similarity between the data of the four countries is not sufficient to affirm a peculiar group for the Southern European countries. Therefore to answer the question "If is it still possible to talk about a southern European regime after the crisis of 2007", we must emphasize the differences between the four countries and the rest of Europe. Because of the difficulties of

data availability and also due to the need of delimitation for an organized thesis, we have chosen eight countries of EU-15.

In the second part, there are two chapters about Turkey's economy: the fifth and sixth chapter. The fifth chapter explains the historical process of the Turkish economy since the year of its foundation - the 20s- and until the beginning of the second decade of the XXIst century. The motivation of giving rise to a historical analysis combined with a literature analysis is to reflect the roots of the perception of welfare in Turkey which is fundamental to understand the impact of the crisis on the country and to evaluate it as a possible member of the Southern European group. However as it would not be possible to analyze all aspects of an economy, in this thesis, a historical analysis of the Turkish economy is considered as the object of study and observed in terms of legal, institutional and traditional processes related with the formation of welfare.

After this descriptive part, in the following chapter -the sixth chapter- the Turkish welfare model is observed from the perspectives of three areas: the labor market, social protection and the role of households. After that, through data analysis, we talk about the variables that relatively reflect Turkish welfare and each one is organized according to specific periods of economic history of Turkey. The periodization is crucial to see the evolution of the indicators, particularly in the last three decades between 1980 and 2014. The changes in social policies after the coup d'état in 1980, their progress in the 1990s and the changes as a result of the reform of social security in 2006 are three general periods which allows us to discuss the placement of Turkey among the Southern European countries.

The third part is the final part which contains two chapters. The seventh chapter makes a comparison between the Southern European group and Turkey. This comparison is

significant to answer the question of whether it is possible to place Turkey within the model of Southern Europe. Analyzing the changes in the Turkey's case and comparing them with changes in the Southern European countries based on the data statistics provides us some conclusions to what this work aims to reach.

The thesis ends with the eighth chapter which clarifies the conclusions that we have reached at the end of the analysis and the research we did throughout the work. In this chapter, it is possible to find the answers to previously asked questions their incorporation into the previous research and also its position between them.

In each of the three parts of the thesis we start with a literature analysis where we benefit from the works of various authors. We had no difficulties of finding original articles and books through online magazines and the libraries of the universities, particularly the library of Boğaziçi University (Hisarustu, Istanbul) and the Koç University (ANAMED-Anadolu Medeniyetleri Araştırma Merkezi Kütüphanesi, Istanbul). On the other hand, finding the database for all the variables of the studied countries was the difficult part. For European countries several databases as Eurostat, IMF, OECD, World Bank, EU and the central banks of countries provide most of the data. It is also possible to find data on Turkey in these databases. However for unavailable data, we benefited from the web page of central bank of Turkey and TUIK (Turkish Statistical Institute).

In addition to a literature and data analysis, we do a cluster analysis by using the "SPSS" program and by working with academicians of statistics of the Economics Department of the University of Istanbul Aydın.

FIRST PART

2 IS IT POSSIBLE TO IDENTIFY A WELFARE REGIME MODEL IN SOUTHERN EUROPE?

Since the decade of the 90s, the welfare system in Southern European countries has been a matter of academic interest in so far as it has started to be considered a different model from the three canonical models posited by Esping-Andersen in the classic *Three Worlds of Welfare Capitalism* (1990). The typology of Esping-Andersen arises from considering the different combinations of social rights and stratifications of welfare states that are present in several countries.

One of the models which is called "corporatist type" by Andersen, or in some cases "conservative model", includes Italy, France, Spain, Germany and Austria. In these countries, rights are related to the economic and social status and, of course, what matters is to preserve the social differences. In this welfare regime type, the state has a crucial role in the de-commodification of the labour force, with a limited redistributive function. However, when comparing the countries which are included in this model, it is possible to see their differences clearly, even though they are considered as members of the same group. Not only in Esping-Andersen typology, also in the classification that differentiates Bismarckian and Beveridgean regimes, the Mediterranean Welfare Model can be considered to be a "via media" (Moreno, 2001, p. 70) between the two regimes, occupying an intermediate place between the Bismarckian regime (which is mainly oriented on the maintenance of occupational income) and Beveridgean regime (which allows for universal coverage).

Generally, the debate revolves around whether the type of "Mediterranean" welfare forms a special group which can be differentiated from the three models described above or is just

a model of latin rim (Moreno, 2001, p. 70), which refers to a rudimentary level of social protection (Leibfried, 1992; Gough, 1996). However, the issue continues to be discussed at the beginning of this twenty-first century. There are disagreements about whether the four countries can form "a fourth model of welfare capitalism" or if they represent only a sub-category of the "conservative welfare regime" at a lower level. Apart from the characteristics of the corporatist/conservative regime that we have mentioned above, the familialism is the element that focuses this debate. When we say familialism, what we are referring to is the centrality of the family as caretakers and as places of solidarity and welfare provision. In addition, even though we are going to expand on it with the various proposals on the other subject, the familialism can lead to the bias of the male-breadwinner family model in the social protection (Karamessini, 2007).

Indeed, the four Southern European countries share some common characteristics related to their history, value systems and structures of relationship between the State, the Market and the Families. In general, the most apparent feature shared by Southern European countries is the lack of resources to subsidize social policies. This feature can be related to late, but also rapid economic development and with its successful character in the area of social change. Naturally, the lack of financial resources can be an important factor to explain the situation but does not serve to provide a full explanation of this welfare regime.

2.1 The Formation of the Southern European Model

A group of authors, including Esping-Andersen (1990), considers southern European countries as a variant of the conservative regime with stronger familialistic characteristics than in other countries of the same regime and also with a less efficient and less mature social protection system. On the other hand, authors such as Ferrera (1996) defend a

different model for the Mediterranean countries of Europe, even though each one has its own peculiarities. Apart from the central role of the Church and the family in those countries, Ferrera lists more features: high fragmentation and internal polarization in income maintenance program, a break from the corporate tradition through a universal health system and selective distribution of monetary benefits through clientelism and patronage networks.

The four Southern European countries, Portugal, Spain, Italy and Greece, share similarities with respect to historical background, values and institutional peculiarities. (Giner, 1995) All four countries have experienced the authoritarian and dictatorial governments and had suffered economic slowdowns in the modernization process. The religious factor always had a structuring role, but at the time the role of the Church as the main organizer of social protection decreased, showing a greater degree of secularization in the social practices of the southern Europe. In addition to that, the Europeanization process caused an economic convergence between Northern, Southern and Central Europe. Also demands from European Economic Area for competitiveness restricted southern countries to extend their social programs.

On the cultural dimension of the development of welfare, or in other words in the family sphere, inter-family distribution and home ownership are managed by family solidarity. Households work as a central institution to provide welfare to all its members. In the inter-family distribution area, the most relevant is "...the prevalence of the values of family inclusion such as donations between family members, the processes of emancipation and the proliferation of domestic jobs and companies". (Moreno, 2001, p. 71) Home ownership is not a direct factor that influences social policies but it is a significant part of welfare

regimes, especially in Southern Europe. Its impact on the quality of life and the saving of households are crucial in the formation of the well-being. In the case of Southern Europe, home ownership –in opposition to renting- belongs especially to elderly which would reflect the compensatory role of households between the generations. "In addition to late age at which emancipation of young people occurs, the characteristics of the Southern European countries a major use of the common disposable resources in comparison with the family individualization standards of the other welfare regimes". (Moreno, 2001, p. 72)

To analyze the political-institutional development, it is essential to take into account the fundamental role of the family in social protection. In Southern Europe, families work as a central institution for providing welfare to all its members, not just material but also intangible terms.

“The effective levels between the family members not only bring transmission of attitudes, knowledge, perceptions and values reflected in the high levels of mutual aid within the households, but a frequent prioritization of collective micro level with regard to the purely individual interests of the households' components. All of this forms a social vision in which family strategies prevail in the forms of social exchange between citizens. It is precisely within the microcosm of family solidarity where women's role has been - and continues to be - crucial in the development of the welfare policies". (Moreno, 2001, p. 73)

The increase of the female labour force participation, along with the new charges leading to the formation and expansion of the family, generates large questions about the sustainability of welfare in these societies. The number of children per woman has been significantly reduced as a result of higher unemployment particularly among young people, more difficulties in obtaining housing and greater disparity between job offers and obtained

education. Women wait until a later age to form a partnership, but in the end the number of mothers does not go down. Another characteristic of the women workers in the Southern Europe is the importance given to the security and stability in the work. The majority of women who leaves the labour force do not do that due to motherhood but because their level of education received and the professional expectations do not fit with the offered opportunities by the labour market. Because of the duplicity of the work of the women in the Southern Europe - inside and outside the family - some authors like Flaquer, Saraceno, Moreno and Trifiletti call them "super women" and relate them to the globalization process in the XX century.

The debates about universality and selectivity of the recipients of the services and public benefits have been linked to the issues of equity and social redistribution. There is a controversy on the question of whether targeting leads to a more egalitarian redistribution or not. One point of view holds that, in general terms, public expenditure on health, education, housing and transportation systematically favours more the middle and upper middle class in the expense of the citizens who need to have access to those services. For this reason a selectivity criterion should be established to deal with disadvantaged groups of society.

Another point of view holds that although recognizing the middle class is favoured in the universal welfare state, in the long term, this result stimulates the formation of the coalition between the working class and middle class for the continuation of the policies of the welfare state. However, in the case of a universal welfare state like Sweden, there is no evidence that the middle classes are particularly favoured by the institutions of the state

(Soderstrom, 1988). In addition, once the fiscal transfers have been taken into account, 60% of households pay more and receive much less from the social security system.

It is undisputed that when resources are allocated to the necessitous classes the targeting would be more effective than universalistic policies in terms of the reduction of inequality. On the other hand, there are some cases where the universality can generate more equal opportunities. What happens generally is, through universalistic policies the quality of public services are reduced. Also as the rest of the society prefers to pay to the private sector for a much higher quality service, these policies are directed only to poor people. To avoid this kind of inequality, it is necessary to provide a better public service and convince the non-poor class not to pay the private sector.

The financing of this quality public service would be possible through increasing the taxes. (Barros & Carvalho, 2004) In this case, whole society would have access to the same public service which provided equality of opportunities. However, the quality of the services that get the middle and upper-middle classes when they pay to the private sector would be much higher compared to the same received service by getting whole society. At the same time, the lower classes do not get a better service. The low class would receive comparatively a more quality service with the policies of targeting. In summary, equality in public services would be possible with the expense of its inefficiency (Barros and Carvalho, 2004; p. 8)

The situation in the South of Europe runs to the opposite direction of some reforms adopted by the Scandinavian countries. In fact, with a contributory social security system where the selectivity has been the main factor of the development of welfare, a recent trend is consolidating in the Southern Europe towards the universalization of benefits and services.

The centre of the discussion is the controversy related to so-called "Matthew Effect", which has significant consequences in terms of Southern European welfare. This effect provides disproportionate advantages for people with the resources of information over those who are entitled to benefits, but lack the technical knowledge and are not part of a network of patronage system. However, unlike other European systems, targeting policies in the South of Europe had a domino effect on the disadvantaged people expanding the "gray areas" between the social security and social assistance areas. There are several reasons that explain this phenomenon but in this study we can emphasize the role of the Mediterranean family as well as the informal economy. In the South of Europe, the importance of the economic activities that evade taxes is significant. This gives way to an unequal distribution of the financial burdens among the various occupational groups.

The role played by the informal economy is important in the formation of the welfare of Southern Europe, especially if we take into account the so-called "Matthew effect" which is defined above. According to the report of the European Commission in 2007 Southern European countries have some different characteristics from the rest of Europe. The study indicates that some Southern European countries -Spain and Portugal- show a lower level than the European average in the utilization of informal work. (European Commission, 2007)¹ In addition, in an interesting way, the provision of informal work in numbers of people also reflects a lower level than the European average (European Commission, 2007,

1 The European Commission made a survey to assess the size of the informal economy in Europe. By dividing the work among two parts; the use of informal work and its provision; they asked some questions to the surveyed persons. The results show that the European average in the number of people who indicated that they had acquired about goods and services that contain informal work is 11%. Spain, Greece, Italy and Portugal have respectively 6%, 17%, 12% and 7%. (European Commission 2007, p.10)

p. 18)² However, when we compare the number of people with the working hours in informal jobs, we can see that the group of Southern European countries shows a higher level than the rest of Europe in the hours of labor of an undeclared work. This indicates that the informal work in other parts of Europe tend to be a supplementary activity; while in the South of Europe these jobs form a part of fundamental activities and are the only source of income.(European Commission, 2007, p. 20)³.

What is relevant to this work is the balance of fiscal transfers between those citizens who fulfil their tax obligations and those who evade their taxes. Informal workers prefer the non-contributory targeted programs based on evidences. However, some of them failed to do it due to stigmatization which is a cultural behaviour which is very common in the South of Europe. (Moreno, 1998) On the other hand, it is possible to find universal policies in the Mediterranean Europe. For example in Spain, the coverage of old-age and disability pensions –Article 51/2003 of equal opportunities, non-discrimination and universal accessibility to persons with disabilities– became universal. In addition, The General Health Law of 1986 provided universal access to health. The health sector shows the same trend in other countries in the region.

In short, the summary of the common features of Southern European countries can be as follows: the existence of a polarized social security system that gives priority to certain groups and leaves others without protection; a tax-funded and universal healthcare system;

2 According to data from the report of the European Commission, the European average in the number of people indicated that they had participated in an informal job, is 5 %. Spain, Greece, Italy and Portugal respectively have 3 %, 4 %, 3% and 3 %.

3 However, there are various interpretations about the difference between the answers of the surveyed persons and their actual participations. Firstly, there are common forms of undeclared work that they are not perceived as informal. The level of the continuation of the informal economy changes depending on the country and also the tolerance of the public varies in relation to illegal workers. For these reasons, the results can not reflect the correct ones definitely. European Commission (18)

low penetration level of the state in the social sphere; the lack of social assistance schemes that check the verification of resources; a high prevalence of the public-private combination and a high degree of decentralization in the social policy field and finally the consideration of the family by the state as a fundamental element in the provision of welfare, organizing their social policies after a solidarity model which depends on the family and kinship. (Grutjen, 2008, p. 112)

2.2 Cluster Analysis

Cluster analysis is a method for classifying a wide range of information in a manageable way. It is one of the statistical instruments that allow creating groups which shares similar data characteristics. The taxonomy depends on the maximization of the similarities of the cases in each group and also the maximization of the dissimilarity between the groups. In this sense, in cluster analysis, there is no information that leads a preconceived result before the creation of the groups. This analysis does not foresee an interpretation of the final grouping. Each group shows only the class which it belongs to. The similarities in cluster analysis refer to the mathematical similarity. The difference between the groups is defined by a norm of distance between compared cases.

There are various types of distance such as the Minkowski, the Hamming, the Angular and the Tchebyshev. But in this thesis the chosen one is the 'Euclidian distance'. The Euclidian distance is the geometrical distance between two cases and it is the function commonly used in social science. The less distance, the more similar are the cases. Notwithstanding, if the variables are in a big size, the function can be affected. To solve this problem we have to normalize those variables. In a bunch of data, like the one we consider in this study, a model

of 'cluster analysis in two steps', using SPSS, is commonly preferred, to be able to make clusters which permit a quick formation of the groups.

The database used in this study includes 28 member countries of European Union, which are, Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Germany, Denmark, Spain, Estonia, Finland, France, United Kingdom, Greece, Croatia, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Switzerland and the Netherlands. These countries are grouped in reference to 16 indicators; GDP at current prices, the annual growth rate of GDP, GDP per capita at current prices, GDP per capita purchasing power parity at current international prices, the annual growth rate of GDP per capita, the dependency ratio of the young people (the number of young people as a percentage of the number of people of working age), the ratio of female participation to the labour market, total public social expenditure (% of GDP), social spending on unemployment (% of GDP), social spending on old age (% of GDP), social spending on health expenditure (% of GDP) and on family (% of GDP), unemployment rate, youth unemployment rate, long-term unemployment rate and the household debt (% of the net disposable income).

The data are selected according to the behaviour of each variable in one of the three areas of the economy. The first two indicators of GDP - GDP at current prices and the growth rate of GDP - reflect the trend of the evolution an economy as a whole. The data of total public social expenditure and the distribution of social spending in several topics demonstrate the characteristics of each country in terms of the role of the state in the provision of welfare. The ratio of female labour market participation, total youth unemployment and long-term unemployment gives us information about the labour market. Lastly, the rate of household debt, GDP per capita at current prices, GDP per capita purchasing power parity and the

dependency ratio of the young people can help to group the countries in terms of the household's conditions.

This cluster analysis refers to the period between 1990 and 2012. The reason to choose this period is that it allows including the changes in the variables during the sub-periods of pre-crisis and the posterior of the outbreak of it, minimizing the data loss in 16 variables. Dividing this period of 23 years into sub-periods such as 1990-2007, 2007-2013 and 2000-2013 could give more concrete ideas about the alterations of the indicators of the EU countries however as great loss of variables occurs in every sub-period, it would not be possible to classify 28 countries according to the chosen variables. This cluster analysis of two steps which analyzes 28 EU countries according to 16 variables for the years 1990-2013, contains 3 groups. The darkened cells represent the groups that each country belongs. The fractions show the frequency of the indicators and reflect in which level the group has validity. According to the indicators of the analysis, countries such as Belgium, Czech Republic, Germany, Estonia, France, United Kingdom, Hungary, Poland, Portugal, Holland, Slovenia and Slovakia belong to their groups by 100%. On the other hand; the data analysis of Austria, Spain, Finland, Italy and Switzerland indicates that the results show characteristics of different groups in different years. In other words, for example Austria shows the characteristics of the Group 1 throughout the whole period, except in 1999. The data from Austria for the year 1999 reflects that the country belongs to Group 2 in that particular year. Therefore Austria is included in the group 1 in which appears the majority of the years.

The data corresponding to Bulgaria, Malta, Latvia, Romania, Croatia, Cyprus and Lithuania doesn't allow us to include them in any of the three groups. Nevertheless, it is not because

they do not possess compatible characteristics with the groups, but because during the analysis there was a significant lack of the statistical information of the above mentioned countries and therefore they cannot be included in the grouping.

In addition, it is necessary to add that the grouping of 28 countries according to the 16 selected indicators does not have a hierarchical sequence that defines one of the groups as better than the others but that it only calculates the distance between their placements.

Table 2.1: Results of the cluster analysis of two steps for the 1990-2013 period

1990-2013	Group 1	Group 2	Group 3
Austria	14/15	1/15	
Belgium	15/15		
Germany	15/15		
Finland	14/15	1/15	
France	15/15		
Switzerland*	11/13	2/13	
Holland		15/15	
Ireland		15/15	
Denmark		15/15	
Luxembourg		15/15	
United Kingdom		15/15	
Hungary			15/15
Greece			15/15
Italy	1/15		14/15
Poland			15/15
Portugal			15/15
Slovenia			15/15
Slovakia			15/15
Czech Republic			15/15
Spain*	2/10		8/10
Estonia			15/15
Bulgaria			
Malta			
Latvia			
Romania			
Croatia			
Cyprus			
Lithuania			

(The data for countries that have "*"; Spain, Greece, Luxembourg, Ireland, Denmark and Switzerland indicates the lack of some variables. Look Annex for the statistical outcomes of the analysis)

The reason to do this analysis is to show that Southern European countries - Spain, Italy, Greece and Portugal - are not grouped with the corporatist welfare countries, but have different characteristics from those corporatist welfare regime countries such as Germany, Belgium and France. Looking at the table, it is possible to see that the corporatist model countries of Esping-Andersen belong to the group 1, while the four southern countries are located in group 3. Therefore it is possible to affirm that to place Southern European countries within the same group of Germany, France and Belgium - as in the work of Esping-Andersen - is problematic. The group 3 is the group which four countries and also Slovenia, Slovakia, Poland, Hungary, Estonia and Czech Republic belong to. We can conclude that the used indicators in this two-step cluster analysis show that Southern European countries and the former Soviet Union orbit countries have less distance between them, in terms of the GDP, unemployment and public expenditure data. However, the short space does not indicate an exact similarity. The comparison of the four southern countries with the rest of the 12 European countries is carried out in chapter IV.

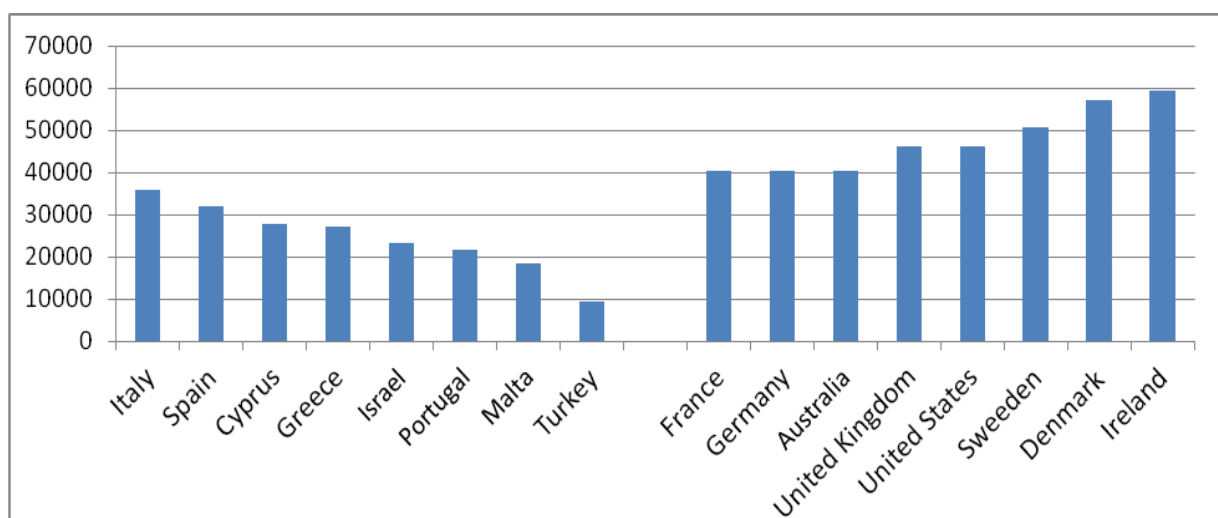
2.3 The Extended Family of the Mediterranean States

The article of John Gal (2010) titled as "Is There an Extended Family of Mediterranean Welfare States?" moved the discussion in a different direction. It is proposed to go beyond of the existing debate which is focused on the states that are originally included in Southern European model and adds the other Mediterranean nations to the analysis. The extended family of the Mediterranean States would contemplate four additional countries; Cyprus, Malta, Israel and Turkey in addition to the four usual ones - Italy, Spain, Portugal and Greece. The proposal to include the island nations such as Cyprus and Malta appeared after the EU expansion toward the South. Turkey - a candidate country of the EU - has been the

subject of many debates among EU countries. The Turkish welfare and social protection system has been the subject of a growing interest. In spite of the fact that Turkey is clearly the more distant country in terms of the living standards and social expenditure, both in Turkey and abroad, researchers have also included this country in the recent discussion on the family of the Mediterranean nations (Buğra and Keyder 2006; Gough 1996; Gough 2010; Grutjen 2008). Finally, Israel has generated an interest in the debates of the welfare state in Europe because of its geographical location and some of its socio-economic and cultural characteristics which led some academics to suggest that it should also be included in the family.

The eight Mediterranean welfare states are characterized by relatively low economic output levels, with figures of GDP per capita lower than in most of the advanced industrial societies. This is particularly marked in the cases of Turkey, Malta and Portugal, with Turkey as the most distant one. However as it is reflected in the graphic 2.1, even GDP per capita of Italy -the country with the highest GDP per capita among Mediterranean countries- does not reach to the levels of the rest of Europe.

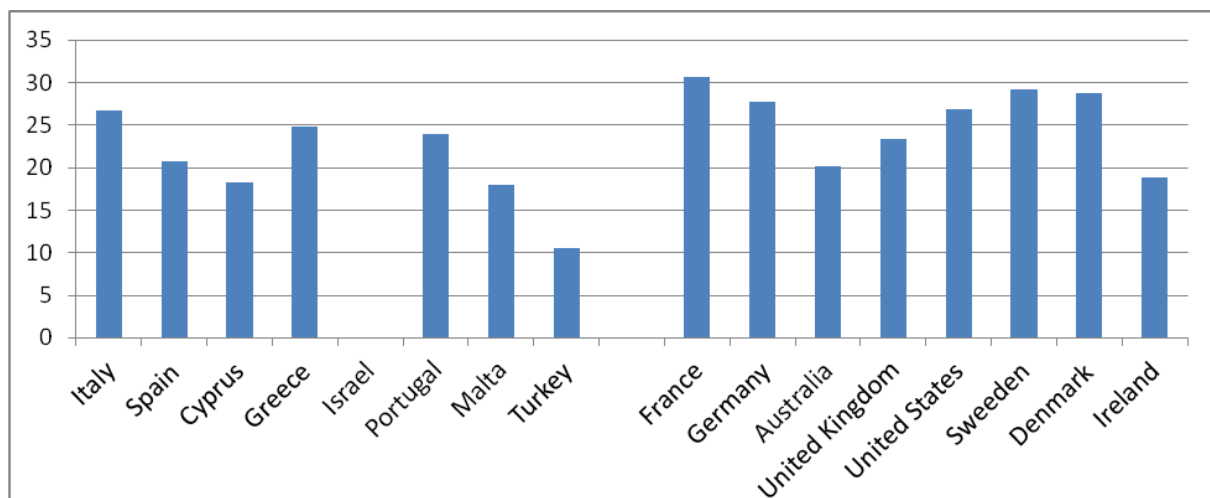
Graph 2.1: GDP per capita in 2007 (current prices in \$)



Source: World Bank

In addition, when we look at the total social expenditure as a percentage of GDP at the beginning of the decade, just before the outbreak of the crisis, it was noted that the level of social expenditure in the Mediterranean countries was significantly lower than the levels of the social democrat- Sweden, Denmark- and corporatist countries -Germany, France- and at the same time, it was superior to those of the liberal countries –United States, United Kingdom, Ireland, Australia- (Graphic 2.2). Although the majority of the Mediterranean countries has experienced a recovery process of the growth social expenditure in recent years, they are still lower than the social democratic and corporatist welfare states. However, the increase in the percentage of social expenditure in terms of GDP in liberal countries changed the result of the comparison.

Graph 2.2: Total social expenditure (public and private) in 2007 (% of GDP)



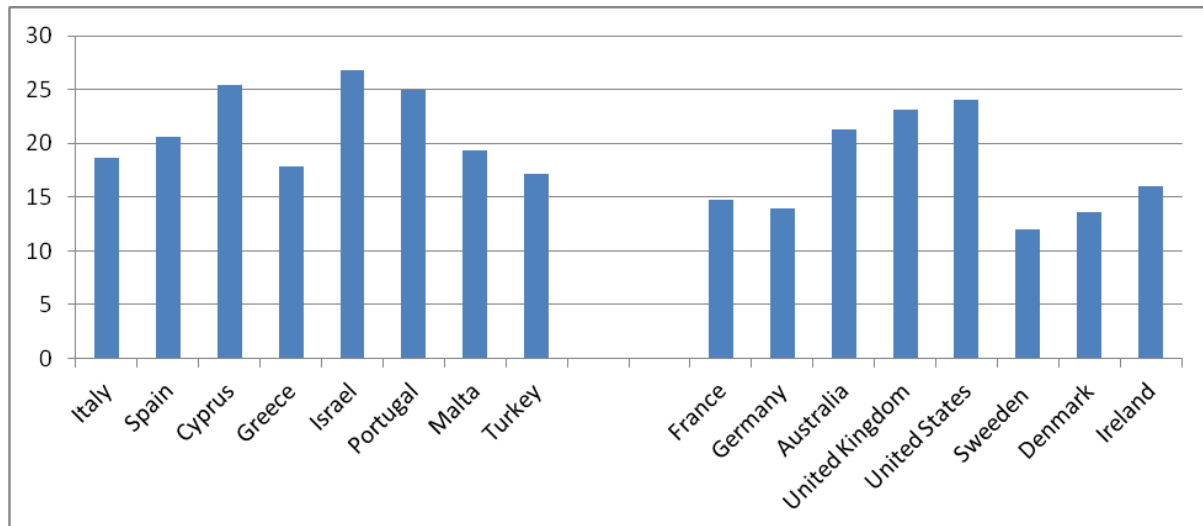
Source: Australia, United States and Turkey; OECD; other countries; Eurostat.

Israel: No data be found

Liberal welfare states such as United Kingdom, Ireland, Australia and United States changed their positions in comparison with the Mediterranean countries in terms of the percentage of social expenditure. Although Australia still falls behind of the most of the Mediterranean countries; United States, Ireland and United Kingdom increased the percentage of social

expenditure in terms of GDP due to changes their public expenditure, especially during the crisis of 2007.

Graph 2.3: The ratio of Relative Poverty - Total population (%) in 2007

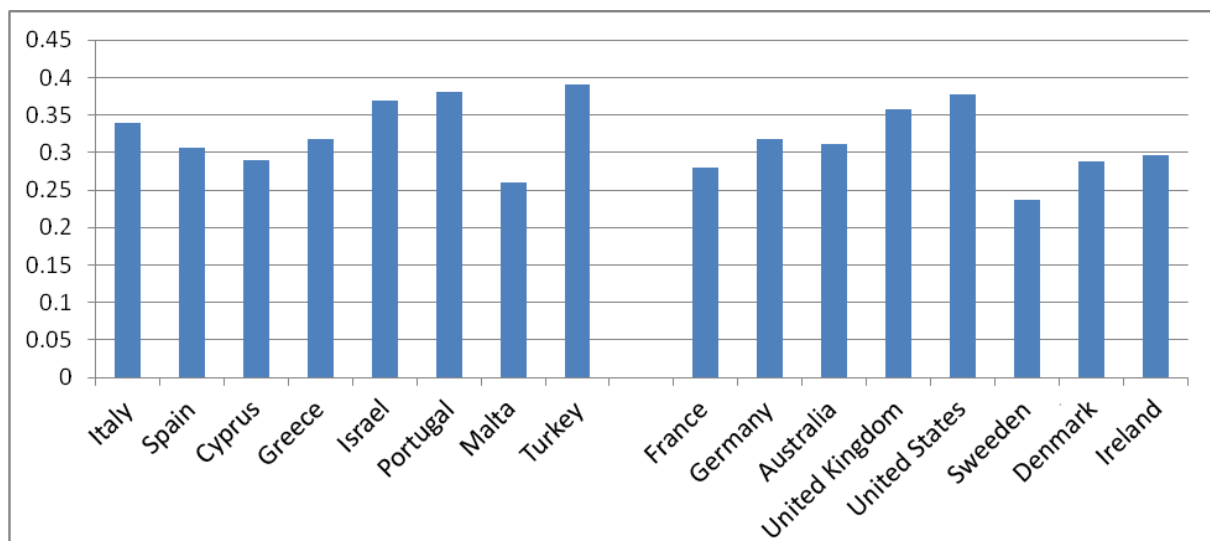


Source: Eurostat for Malta, Cyprus and Portugal, OECD for Turkey and “Luxembourg Income Study” for the rest

If we look at the graphic 2.3 above, the proportion of the population at risk of poverty in the Mediterranean countries in 2007 is greater than in most of the rest of the European states. Liberal welfare states show worse results than the social democratic countries and in some cases even worse than the Mediterranean states. The graphic 2.3 would be consistent when we consider the characteristics of southern countries in terms of dominant role of families in the provision of welfare and the increasing coverage of the social security towards universalism. Also the high level of poverty in liberal states is not surprising in a welfare regime where neither state nor families feel responsible of the people care in-need. On the other hand, the social democrat countries are more capable to reduce poverty through various social public policies.

Another indicator that can bring light to our analysis is the GINI coefficient that reflects inequality levels. The graphic 2.4 reflects the GINI coefficient in 2000's⁴, where it is possible to see the inability of the Mediterranean welfare states to overcome social gaps through redistribution. In terms of this indicator, Mediterranean countries have a worse image than the liberal ones.

Graph 2.4: GINI coefficient in 2000's



Source: Index Mundi for Malta, Cyprus and Israel; World Bank for the rest

Late industrialization, the fragmentation of the labour market, the great weight of the informal economy, the recent history of colonial domination or non-democratic regimes are the political and economic occurrences that southern European countries and also Mediterranean countries have in common. Beyond these features, Gal admits that there are three great cultural attributes that distinguish them from other welfare states: the role of religion, the importance of family and the forms of clientelism and particularism of welfare (Gal, 2010; 289). After having been mentioned the importance of the family and patronage previously, now we focus briefly on the role of religion and its impact on social welfare.

⁴ The available GINI coefficient data of 16 countries is calculated as average of 2000's

Religion is perceived as a variable that can contribute to the understanding of divergences and convergences between welfare states. Gal observes different religious confessions and tries to unravel the relationship between religion and social divisions, political structures and institutions of the welfare state. It is claimed that the role of religion can take two forms apparently contradictory in the structuring of welfare states and social policy. As being an organizational entity or a set of cultural values, it can play an important role in the creation of the institutions of social assistance or in the formulation of the social policies. Or as in Spain during the post-Franco era and in Israel during the period of Palestinian pre-state, the social policy can be formulated as a reaction against the religion by political actors supported by social anti-religious groups. (Gal, 2010; p. 290). In the eight nations of the extended family of welfare states, religion has been a major source of values and played a crucial role on the institutional and political power during the formulation of the welfare state. Gal tries to show the importance of the religion in a survey that he did in 2009, measuring the significance of God in people's lives through the answers that had been given to the question: "How important is God in your life?". The results of the survey show that in these kinds of societies the religious belief, with the exception of Spain, is stronger than in other European welfare states. In addition to that, the separation between the state and the religion is less clear. This is why the religion continues to influence the social policy through the formal political representation (especially in Turkey and Israel), the social assistance activities of the religious organizations and through the attitudes of the population or the elites' behaviour. It should also be mentioned that the secularization has arrived to southern countries later than the central and north Europe however its intensity has been higher.

The diversity of religious beliefs in Mediterranean countries leads to different configurations in the role of religion in the welfare state. The fact that all these countries are not Protestant clearly limits the attractiveness of the values and the policies that have been attributed directly to the Protestant doctrines. This is crucial because of the growing recognition of the influence of Protestantism, Lutheran or Calvinist, in the structuring of welfare states; especially in policies towards poverty and the role of the state in the provision of social services. In addition, it seems that there are certain similarities between Catholicism, the Orthodox Church, Islam and Judaism in the perception of poverty, its alleviation and the role of the state on the issues of social welfare. Between them it is necessary to emphasize the role of the communal and religious social welfare organizations in order to deal with poverty and social needs. These organizations can influence the perception of the need of the public security programs.

The centrality of the family in the Mediterranean welfare states, of course, is also related to the important role of religion. In fact, it is a dividing line between the more individualistic ethics of Protestantism and more communal ethics of Catholic, Orthodox, Muslim and Jewish societies which they emphasize the importance of marriage and it leads to more intense family ties (Greeley, 1989; Martin, 1997).

In these kinds of nations, marriage is more institutionalized and the solidarity of family is very important. Similarly, the proportion of mono-parental households is much lower in the extended Mediterranean family than in democratic or liberal social welfare states. The age when children (children, adolescents and adults) stay at home with their parents seems to be older. In addition, the level of social connection of elderly people indicates that family

relations are stronger, while the informal social relations (no kinship) are lower than in other welfare states.

Fertility rates can be both the lowest and the highest in the Mediterranean countries. Comparing data compiled by Gal, which includes the countries of the extended family, in recent decades fertility rates are relatively low in Spain, Italy and Greece - around 1.3 in the early 2000 - and relatively high in Turkey and Israel - around 2.5 in the early 2000. The lack of extensive policies in favour of the family, the labour integration of women and the opportunity costs of the childbirth have been considered as determining factors in the low levels of fertility of the Spanish and Italian women (Guerrero and Naldini, 1997). The dominant role of religion also affects low and high fertility. According to Gal, in some cases, particularly in Catholic nations, the lack of divorce laws until much later than other welfare states seems to have discouraged the early marriage and so it contributed to the existence of smaller families (Gal, 2010; p. 292). In contrast, Judaism and Islam seem to encourage higher fertility rates which are particularly common phenomenon among the more traditional and less educated inhabitants in Turkey and Israel (Isik and Pınarcıoğlu, 2006; p. 411).

The centrality of the family and the strong solidarity among its members has impacted the ways of managing social needs as well as the structure of the Mediterranean welfare states. They diminish the responsibility of the state in terms of the welfare provision. The centrality of the family allows Mediterranean welfare states to consider it as an alternative to the state and the market and therefore they limit the state expenditures on services and allowances which aim to deal with specific needs.

On the other hand, we can say that it is a bidirectional situation. In other words, contrary to what Gal supports, the inability of the State can cause the centrality of the family. When the demand for services increases and the State through public expenditure and through legal framework cannot satisfy them; families can be considered an important form of support in terms of social services. (Nadini, 2003; p. 15)

One of the characteristics that is associated with the Mediterranean nations has been the clientelism. We can use the explanation of Richard Graham to define the clientelism. Clientelism implies the access to the market and to the resources through a selection that normally excludes others. The selection is conditioned by subordination, conformity or dependence on the benevolence of others. Those who are in control - patrons- provide such access and locate their supporters in the positions where both parties can benefit. They hope that their supporters - clients - return this "favour" by increasing their prestige and working during the elections (Roniger, 2004; p. 354).

The debate about clientelism was initially related with its delayed modernization and democratization process in comparison with other capitalist societies. (Weingrod, 1968) However, these pioneer studies could not give account to the changes that have been produced over time in the adopted form by these relations nor could not satisfactorily explain the resurgence of clientelism in post-industrial and democratic societies (Gal, 2010; p. 293). Given the big size of the funds invested in the institutions of the welfare state and its importance in the coverage of the necessities of the people and as a source of employment, as Gal says, it is not strange that they have become a magnet for clientelism. Ferrera (1996) identifies this phenomenon as a peculiar characteristic of southern European welfare states, highlighting the scope and intensity of the particularistic norms and

practices, instead of universal and impartial rules in the bureaucracies of the welfare of these nations. (Gal, 2010; p. 294).

Clientelism takes different forms in Mediterranean countries. Gal explains them referring to various works. According to the work of Ferrera (1996), Featherstone (2005) Hopkin (2001) and Sotiropoulos (2004); in Spain, Greece and Portugal, the focus is on the employment provision within the higher or lower levels of the bureaucracies that involve in the welfare provision. Heper (2002), Mitchell (2002), Mullard and Pirotta (2008) analyze Malta and Turkey in which it can take a more direct form for distribution of resources by local political leaders. The sophisticated practices aimed at influencing the decisions of administrative bodies, like those who determine the eligibility for disability benefits, which are another type of clientelism, often found in the Italian welfare state. Finally, in Israel, the legislation that favors the particular interests of the members of specific social groups can be adopted according to the election strategies of the political parties (Charbit, 2003).

Ultimately the characteristics of welfare states which form the extended family of Mediterranean states have been influenced by the combined impact of the centrality of the family, religion and clientelism. As a result of these common features, these nations are commonly characterized by the use of less resources, relatively low levels of social expenditure, the weak state support in terms of poverty, an important role of the family and religious organizations in the provision of social assistance, relatively low participation levels in the labour market and a limited success in general to alleviate poverty and to overcome the social and economic disparities (Gal, 2010; p. 296).

2.4 Central factors for the characterization of southern countries

The central factors that allow us to characterize Southern European countries in terms of their socio-economic development and welfare, are related to three key areas: 1) The structure of the labour market, 2) the structure of the welfare state, from the point of view of public expenditure in the social sphere and 3) the social structure, particularly the role of families. Each of these areas is so broad that it is not possible to observe all the variables that characterize them. However, despite this limitation, several indicators that reflect the fundamental characteristics of the specific model for the four countries of Southern Europe could have been chosen.

2.4.1 Structure of the labour market

Several studies about the structure of the labour market indicate sufficient similarities between Italy, Greece, Spain and Portugal related to the regulation of unemployment and the distribution of responsibilities between the state, the market and the family, to consider the existence of a common model based on families (Gallie and Paugam, 2000). The low employment rate of women in the labour market, the high institutionalization of the marriage, the long term of cohabitation of the young adults with their parents and the obligations aroused from inter-generation relations are other features that we can include as some of the results of various comparative studies (Guerrero and Naldini, 1997).

Furthermore to analyze the structure of the labour market, some common points have to be taken into consideration. Southern European countries have a relatively high, but descendant, participation in agriculture, the self-employment rates are higher than the EU average, the female participation to the labour market -except the case of Portugal- is low, the presence of part-time jobs is lower than in other countries of the European Union, youth

unemployment rate is higher and finally, there is a high labour market fragmentation according to different categories- such as age, sex, ethnicity, private / public or formal/informal sector (Karamessini, 2007).

Considering the political, social and economic characteristics from a historical perspective, some authors conclude that Italy, Spain, Portugal and Greece have the same capitalist development process, a development which is typical for the late industrialised countries. Indeed, most of the Mediterranean countries followed a slow but significant development process, particularly sensitive to the first order social risks which can be defined as the risks against which a family cannot defend themselves sufficiently. As Trifiletti indicates, the risk of death or the risk of losing a stable job, instead of being perceived as individual risks, are perceived as risks that can damage the ability of families to continue their function like before. This is because the families in the Mediterranean countries work as a small company, so their strategy is to try to produce a total and sufficient income and to keep all its members and to cover all of them against the social risks (Trifiletti, 1995).

2.4.2 Social public expenditure

Public expenditure on social protection as a percentage of GDP in southern European countries shows some results under the European average. (Statistics in Focus, 2001) According to the data of "Population and Social Conditions" by Antonella in Eurostat, in 1996, European Union average on social expenditure was 28.7% of GDP and the same indicator for Greece was a 23.3%, for Spain 22.4%, for Italy 24.8% and for Portugal 21,6%. Thirteen years later, after the outbreak of the recent financial crisis, the situation shows significant changes and the gap with the European average decreases substantially in southern European countries. However, Southern European countries are still under the

European average. In 2009, the European Union average on social expenditure was 29.5 % of GDP and the average of Greece, Portugal, Spain and Italy were respectively 27.6 %, 26.9 %, 25% and 29.8 %; in that same year, the average in the EU-27 on expenditure per capita was also higher than in these four countries. However, it should be noted that Italy exceeded the European average (deviating from the other southern countries), but it still continues to be in the same group when we compare the social expenditure per capita.

The situation is much more interesting when we look at the composition of this expenditure. The differences are not only between Southern and Northern Europe, but also between the countries of the Southern Europe itself. If we disaggregate the total social expenditure in eight groups, as Eurostat does: 1) social protection for old age, 2) health, 3) disability, 4) social exclusion, 5) unemployment, 6) social expenditure for families and children, 7) for the survival and finally 8) housing, we can see the peculiarities in the distribution of expenditure among southern countries.

In the Table 2.2, the differences in the distribution of the different functions of the social expenditure that exist between countries can be seen. According to Eurostat data of 2009, the protection for old age and sickness are the sectors that have major weights within the total expenditure respectively, with 37.6 and 29.5 percentage. The expenditures on family and disability occupy the third and fourth place, and unemployment comes in the sixth place (in following paragraphs, we will see how this had changed substantially with the crisis). In Italy, retirement pensions have a major weight with 14.4 % of GDP, while that same indicator occupies only 7.6 % of GDP in the case of Spain; two times less than Italy's proportion. In 2009, in Spain the 3.6 % of GDP goes to the social expenditure for the protection against unemployment, while in Italy it is 0.7 %.

The data in Table 2.2 also allow a comparison between countries which belong to different welfare regimes. The differences can be clearly verified. In Germany and France, two typical countries of the “Bismarckian” regime, total social expenditure has a much higher percentage than Southern Europe, also it is higher than the European average. Even, United Kingdom - a representative of the liberal regime of welfare - has a higher proportion than the countries of Southern Europe in the total social expenditure (again except for the Italian case). Looking at the unemployment expenditures, it should be pointed out that the enormous weight that it acquires in Spain is due to the high unemployment level that suffers the economy of this country.

Table 2.2: The distribution of social expenditure

2007 %GDP	Total Social Expenditure	Health Expenditure	Disability	Old age	Survivors	Family	Unemployment	Housing	Social Excluded	Education	Total Social Expenditure Education
EU-28	25,03	7,33	2,08	9,88	1,548,967	2,03	1,260,864	0,52	0,368041	4,92	29,95
Portugal	23,9	6,39	2,25	9,69	1,613,533	1,18	1,145,445	1,33	0,274235	5,1	29
Greece	24,8	6,78	1,18	10,5	2,022,300	1,48	1,085,689	1,14	0,562547	360,673	28,4
Spain	20,7	6,39	1,52	6,54	1,943,948	1,25	2,059,988	0,71	0,255889	434963	25,04
Italy	26,7	6,59	1,52	13,12	2,414,813	1,24	0,445696	1,29	0,052374	4,27	30,9
UK	23,3	7,61	2,5	10,21	0,248663	1,59	0,511275	0,39	0,219812	5,53	28,83
France	30,6	8,58	1,83	11,21	1,836,812	2,58	1,917,694	2,03	0,586114	5,62	36,22
Germany	28,7	9,7	2,4	9,5	2,13	2,8	1,4	0,63	0,15	4,49	33,2
Ireland	118,8	7,24	0,96	3,95	0,807868	2,6	1,368,196	1,49	0,360326	4,92	23,7

Source: Eurostat and OECD, 2007

The Eurostat database does not include education as a category within the social expenditure which is why it is not incorporated in the "total social expenditure" column. However, we can consider it perfectly as part of the same because of its contribution to the

equal opportunities and its equalizer function. In the Table 2.2, in the last column, we can see the public expenditure percentage -not of the social expenditure- on education within GDP according to the Eurostat data. By comparing the data of Spain, Greece and Italy with the European average (and also with each other's), we can see the importance of public expenditure on education is also lower in Southern Europe. However, in the case of Portugal (5.10 % of GDP on education) it exceeds the European average and even the ratios of Germany and the United Kingdom.

Another common feature of the social expenditure structure in Greece, Italy, Spain and Portugal is the fragmentation level of the social protection according to occupational lines, particularly in the case of Greece. A representative example of this is the present insurance mechanism in the health system. The Greek system is formed by a mosaic of funds of health insurance where none of the requirements or the benefits present homogeneous features. The structure of the insurances in Spain and Italy also shows a significant fragmentation (Ferrera, 1996). Furthermore, the combination of the universalist health system with professional pensions programs is the typical result of being a "middle way" between Bismarckian and Beveridgean regimes.

2.4.3 The role of the families

If we talk about the welfare of Southern Europe, it is essential not to forget the important role that the family institution plays in social protection. In Southern Europe, the welfare regime is largely the welfare that is provided by Mediterranean families. Inside the families, transfers are both material and immaterial. Regarding the latter, the participation of women in care of elder and children is crucial. However, the increasing participation of women in the labour market, together with the new burdens that appear at the time of the family

formation, bring up some important questions such as whether southern welfare regime can survive in the form that we know today. Nowadays it is clearly perceived that there is a trend in those countries towards parting from the traditional function of the family as an indispensable complement of the action of the welfare state and the transition to a more universal model in the system of social services and benefits. However other changes have not been compared yet.

In this regard, it is necessary to mention the typology of welfare regimes which has been created by Anne Lewis (1989) comparing the discriminative gender dimension in different welfare models. This typology is especially appropriate to show the fragmentation in the social policies of the Mediterranean countries which is generated by the gender issues. Although a person paying for his own account could not provide a decent life, that could be possible if they put their resources together within a family income which also includes other partial incomes of agriculture, self-employment and self-production in a "synthesis of breadcrumbs". (Trifiletti, 1995; p. 53) In this way they can fulfill all the needs of all family members through bringing together all incomes from the different resources. The existence of a family income instead of personal one emphasizes the role of families in the Mediterranean countries by differing them from the classical male-breadwinner model.

Welfare typology which is created depending on the state's perception and social protection of women in those countries, is demonstrated in figure 2.1. The vertical axis represents the protection degree offered by the state to women against the market and its two ends show two types of regimes: protected and unprotected ones against the risks related to the market. The horizontal axis, in turn, shows another differentiation between welfare regimes by incorporating of the women perceptions of the state depending on their role and

function in the market. The crossing of both axes generates a typology that corresponds to the four resulting quadrants. The first and the third cells show the regimes relatively more discriminative ones on grounds of gender and the second and the fourth quadrants of the figure show the regimes with relatively minimal discrimination against women.

By starting with those who exercise relatively minimal discrimination, in the second square - the universalist welfare model- the state treats women primarily as workers, protects them in the labour market in function of their role as mothers, points to real equality of opportunities and not practices any control over their payment and their unpaid work. Here working women -part-time or full-time- in both cases, have access to benefits and services on the basis of their conditions as workers. Only in this regime, it is possible that the state can sustain and replace the care work without preventing women from their paid work.

In the liberal model, the state treats the women primarily as workers but does not guarantee them any protection against the risks of the market, ignores their family roles, except in cases of extreme poverty, applies an indirect economic control over their commercial work and offers limited social services. The United States, Australia and Britain are placed in this type of the welfare model.

What is the most important for this work is the difference between the "male-breadwinner model" and "Mediterranean model". If the state treats women primarily on the basis of their family roles and protects them in the market, it would mean that the state exercises a control over the unpaid work of women by deepening the gender discrimination in the labour market. This is the male-breadwinner model, where man appears as the main breadwinner of the family. It is the classic regime of Germany, Great Britain and Ireland in which women work mostly part-time and receive social benefits through their husbands. On

the other hand, if the state treats women primarily on the basis of their family roles and also does not protect them in the labour market; this would mean, in a certain way, the state exercises a control over both types of work of women -paid and unpaid- because of the lack of the minimum dispositions in the labour market and also the care work is taken for granted by the society. This is the case in most of the Mediterranean countries - Italy, Spain and Greece. The female participation in the labour market is low in these countries and women who participate, work in full time jobs and receive benefits and access to social services through their status as a worker. Portugal could be represented in the schema at an intermediate point between the Mediterranean and the liberal welfare regime due to its high participation rate among women.

Figure 2.1: A typology of the welfare regimes

	State considers women as mothers/wives	State considers women as workers
1	State protects in front of the market THE MALE-BREADWINNER WELFARE REGIME MODEL	2 UNIVERSALIST WELFARE REGIME MODEL
3	State does not protect in front of the market MEDITERRANEAN WELFARE REGIME MODEL	4 LIBERAL WELFARE REGIME MODEL

Source: Trifiletti, 1999

We can observe that, contrary to what some authors say, the male-breadwinner model and Mediterranean model do not correspond according to this classification. For example, in Italy, as women who do not work don't receive any specific benefits; having an adequate income for the whole family is very difficult without having working wives generally in self-employed activities and with no protection. In summary, "to keep women poor in the houses was a luxury that Italy has never enjoyed" (Trifiletti, 1995; p. 51). The situation is not so different in other Mediterranean countries, there are also other family similarities such as a significant fall in the birth rate combined with a long term financial dependence of adult

children on the family, the growing importance of the family businesses, self-employment and the extension of the ownership of the houses by the families as a type of insurance against social risks.

2.5 Conclusion

The welfare regime models of Esping-Andersen which places the countries of southern Europe in the same group with Germany or France give rise to the debate on the existence of a peculiar group for Southern European countries: Portugal, Spain, Italy and Greece. This chapter intent to respond this question through a cluster analysis and by a comparative literature review related to the characteristics of the three spheres of the economies of those four listed countries. From the statistical analysis, it is possible to say that Greece, Italy, Spain and Portugal do not appear in the same group with the corporatist countries of Andersen. In addition, European countries which share more similarities with them are the countries of the former Soviet Union.

It is possible to summarize this comparative literature part as follows. In the labour market area, all southern European countries are suffering from the problem of unemployment particularly among young people, the low rate of women employment in the labour market and relatively high participation of agriculture within all employment. They are also sensitive economies against the first order risks where families are configured as the main providers of protection. In terms of state activity, the percentage of total public expenditure in GDP and the composition of this expenditure allow them to share communalities. Finally also, there are similarities in the role of families which ensure society against risks instead of the state or the market. The women's positions in the families and in the economy are likewise

similar. All of these confirm that these countries construct a peculiar group in terms of the welfare regimes.

3 THE IMPACT OF THE CRISIS ON THE REGIME OF SOUTHERN EUROPE

In this chapter, the statistical data which refers to the presence of the welfare regime model of Southern Europe will be analyzed starting from 2007. The criteria for the selection of indicators are based on -already mentioned- three main areas of the welfare regime model: labour market, social protection and households. The main contribution of this chapter is to study the evolution of the basic characteristics of the model. It is important to see how these features changed, especially after 2007, as a result of the recent economic crisis. Therefore the question we assert in this chapter is formulated as: "After the crisis of 2007, still can we talk about a welfare regime in Southern Europe?"

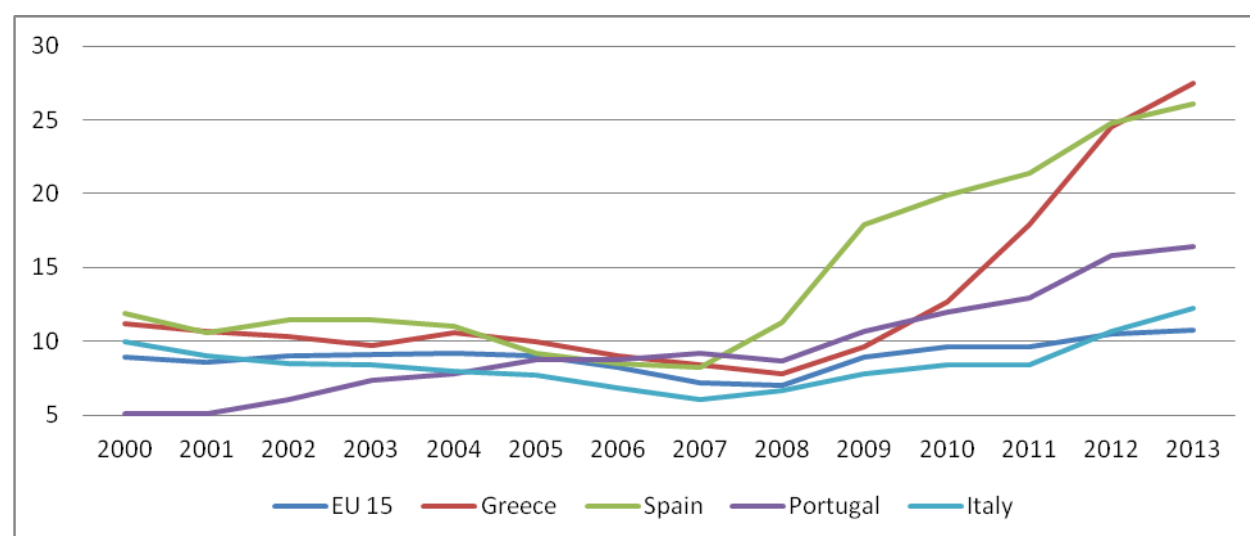
As a result of this crisis, the distribution of responsibilities between the three distinct areas of the economy has changed in Southern European countries. The question that we are interested in analyzing is, if we can, if it is possible to observe a common weakening of Portugal, Greece, Spain and Italy in the crisis period. Since they still could form a group together, a common descent will be neutral in terms of our hypothesis. The indicators of social protection are the ones that show a more specific change, usually toward an increase on public expenditure to minimize the recession that each country was facing. It will also be useful to see the evolution of pensions and the indicators of the health sector in order to observe the change in the coverage of the social protection system which was mentioned when trying to locate Southern Europe between Bismarckian and Beveridgean models. In addition, it is relevant to look at the evolution of the public debt to capture to what extent it has been caused by the increase in public expenditure and to analyze the possibilities of financing social expenditure. Finally, and more importantly, the evolution of the households

will be statistically analyzed in order to detect the impact of the crisis on domestic welfare and on the possibility to continue to play their leading roles as providers of social protection in the future. As this is the main element of the southern welfare regime, in the crisis period the households might not have sufficient income to continue playing their role.

3.1 Labour Market

As it has been mentioned before, the common elements of the labour market in Southern European countries that allow them to form their own welfare models are the high unemployment levels, especially among the younger generation and women, the fragmentation of the labour market and the existence of a large informal economy. The high level of the labour fragmentation will be examined with the evolution of social protection in the next part. In this chapter we will begin to clarify the structure of the employment and the importance of the informal economy. The data refers to the last 20 years to include sufficient period to capture the trends before and after the crisis.

Graph 3.1: The unemployment rate by annual average (%)

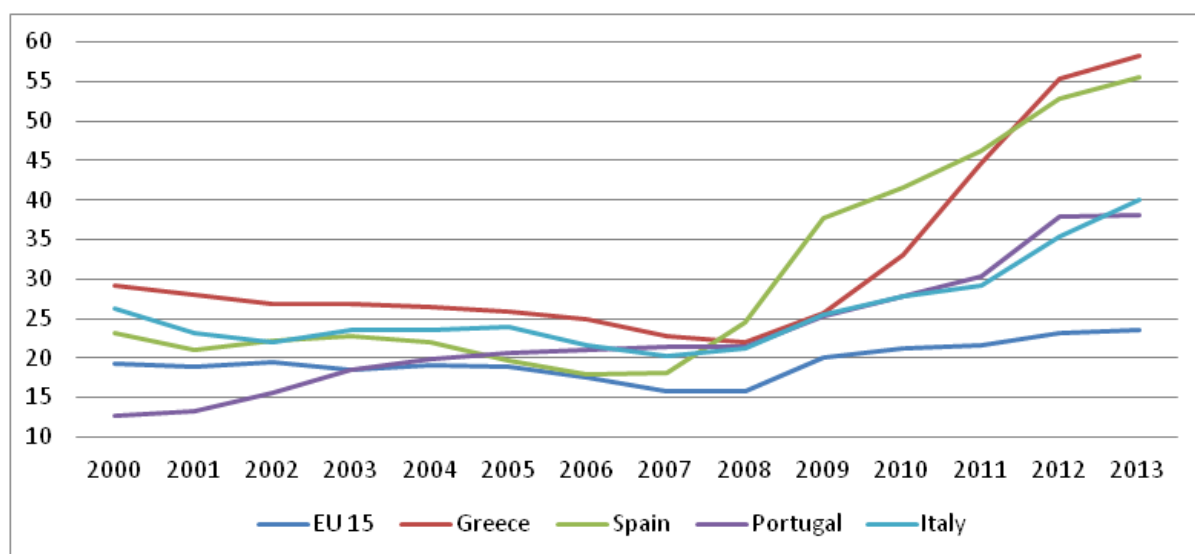


Source: Eurostat

One of the basic indicators that reflect the characteristics of the Southern European labour

market is the unemployment rate. Between 1993 and 2000, particularly Spain had an enormous unemployment rate, passing even 20% and Italy also had the highest unemployment rate in the past 20 years. Portugal was the country that showed the lowest unemployment rate however with a similar trend to Spain and Italy. The Graph 3.1 shows the unemployment rate for four Southern European countries in the beginning of the XXI century and compares them with European Union average. There are two clearly different periods in this graph. The first one consists the years between 2000 and 2007. In this period, the countries show favourable results in terms of unemployment rate. Only Portugal's rate increases since 2003 but the rest improve their positions until the year that crisis has exploded. In the second period, since 2007, unemployment level of all economies increased by more than double. Particularly Spain and Greece reached the highest levels in their last two decades. "During the third quarter of 2012 Spain remains, together with Greece, as the European Union member with the highest rate of unemployment, with a rate that passes 25.6% which is more than 15 points above the EU average (10.5%) according to the Eurostat data" (Ministry of Employment and Social Security of Spain, Analysis of context, 38). Portugal was the country with the lowest unemployment level among the four until 2004 but since then its unemployment rate began to increase approaching to the behaviour of the rest. Italy returns to its situation in the 90's with the increasing unemployment rate. Therefore it is possible to interpret that the high unemployment is one of the important characteristics of the Southern European countries which did not change during the crisis. However since 2007, Spain and Greece show higher levels of unemployment leaving Italy and Portugal behind. Looking at recent years, there is a significant polarization between four countries in terms of unemployment.

Graph 3.2: Youth unemployment rate (%)

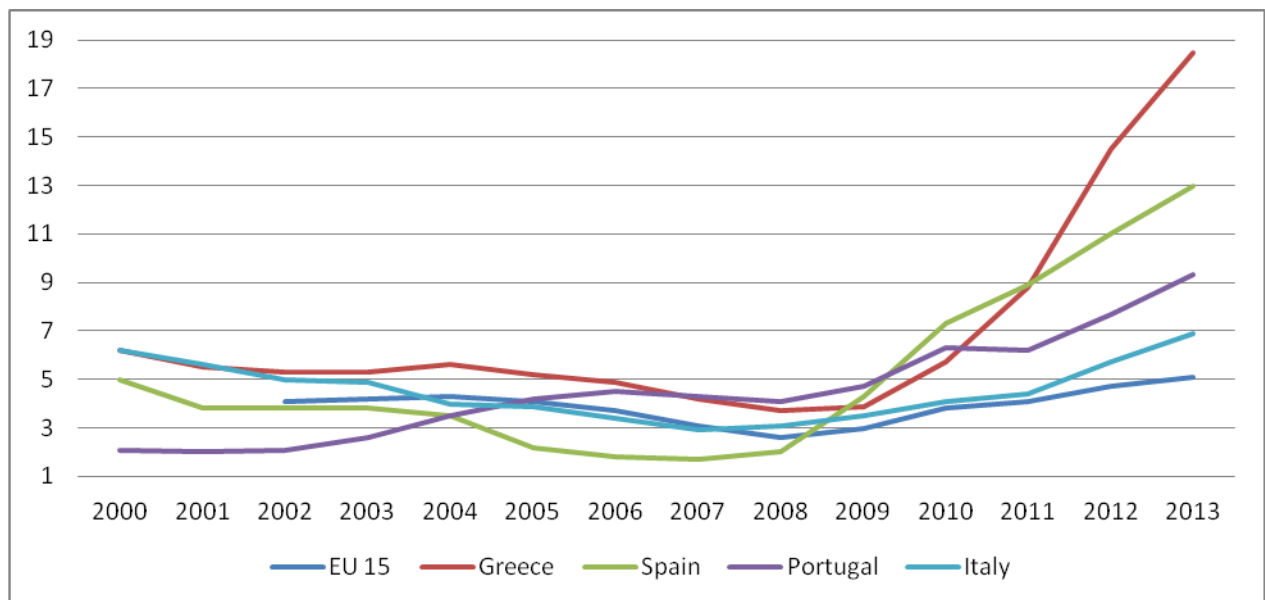


Source: Eurostat

The high youth unemployment rate is a structural problem with serious consequences for the new generations. This problem seriously limits the potential growth of the Southern European economies in the long term (Graph 3.2.). The activity rate of young people has been very similar to the European average during the beginning of 2000s. Although the rate of Greece was higher than the European average, the difference between the 15 countries of the Union and Southern European countries was not so big. However, since 2008 - particularly in Spain and Greece - the youth unemployment rate increases rapidly, reaching 58% in 2013. Again, between 2000 and 2007, there is a clear convergence between Portugal, Spain, Italy and Greece in terms of youth unemployment which permits to maintain one of the structural characteristics of the group. However since 2009 Greece and Spain move away from the other two countries with unemployment rates exceeding 50%. This graph (3.2) allows us to interpret that the impact of the recent crisis is more profound in Spain and Greece in terms of youth unemployment. However its impact over two other southern countries – Italy and Portugal- is neither light but double of the European average.

"One of the most worrying effects which occurred during the economic crisis years has been the increase in the long-term youth unemployment, that is to say, those who are unemployed for 12 months or more" (Ministry of Employment and Social Security of Spain; Analysis of the Context, p. 41). For instance in Spain there is an increase not only in the long-term youth unemployment but also in the rate of the long-term unemployment respect to the total unemployed population. This is the clear reflection of the weakening of the labour market conditions.

Graph 3.3: Long-term unemployment rate as a percentage of the total unemployed population



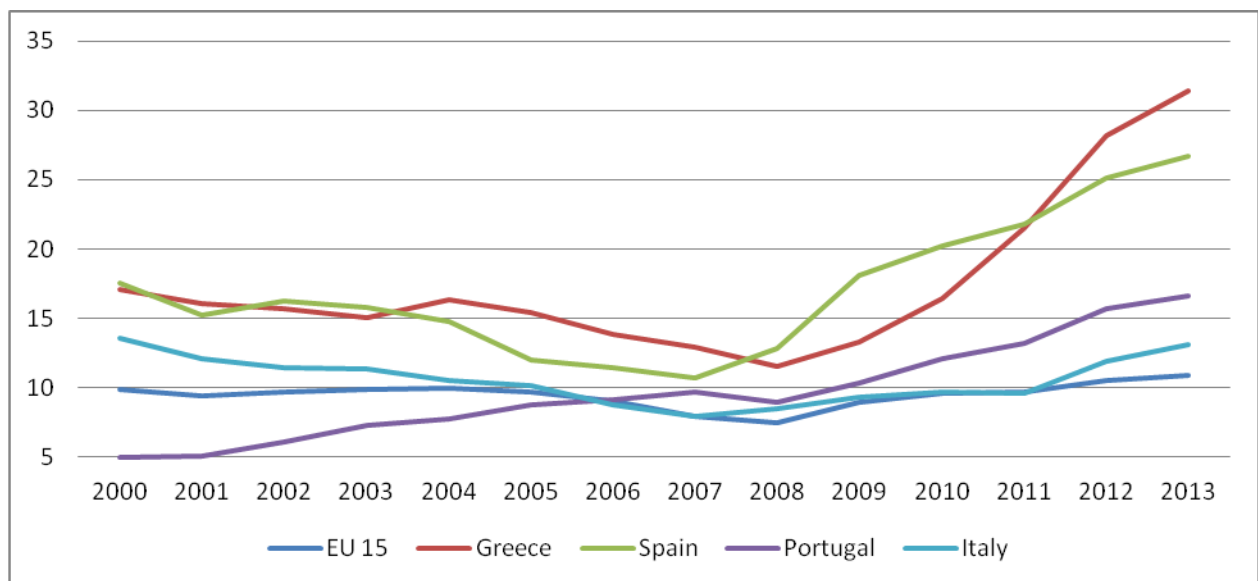
Source: Eurostat

Looking at the Graph 3.3, of which data are taken from Eurostat, Italy and Greece have had a chronic problem of long-term unemployment and although Portugal and Spain went through an improvement period in the beginning of 2000; also they return to have the higher rates after the outbreak of the crisis. It should be noted that the long-term unemployment - more than one year- affected half of the unemployed in the Southern European countries and especially Greece and Italy that exceeded this proportion. Since

2008, the crisis affected Spain and Greece deeply in terms of long term unemployment. Italy continues to exceed the European average but looking at its evolution during the last decade, the impact is relatively less than other southern countries. Same situation is found in Portuguese case however increase in the long term unemployment is more than Italy's. The convergence between four countries can be observed in terms of long term unemployment, particularly in the last four years.

The low female participation in the labour market is another crucial problem for Southern European countries. Although Portugal was always the exception of this trend, as a result of the crisis the country also began to show higher female unemployment rate. In the Graph 3.4, it is possible to see the evolution of female unemployment rate. Like other indicators of the labour market, during the period between 2000 and 2007, female unemployment rate fell to minimum levels of the last twenty years. Since 2008, female unemployment rate levels increased -particularly in the cases of Greece and Spain- to more than double of the European average. The most interesting case is Portugal as it is the exceptional one within the southern European welfare states in terms of female participation. Between 2000 and 2008, a relative convergence between four countries occurred and since then a radical growth in the female unemployment even in Portugal passing over the 15%, with a higher rate than Italy. However in 2012, a convergence could have been observed with the rate more than 15% - a higher rate than found in Italy. In a similar way to what occurred to the previous indicators, the female unemployment rate of Southern European countries shows divergences particularly after 2009. The rates of Spain and Greece again exceed the Italy's and Portugal's rates as well as the European annual average.

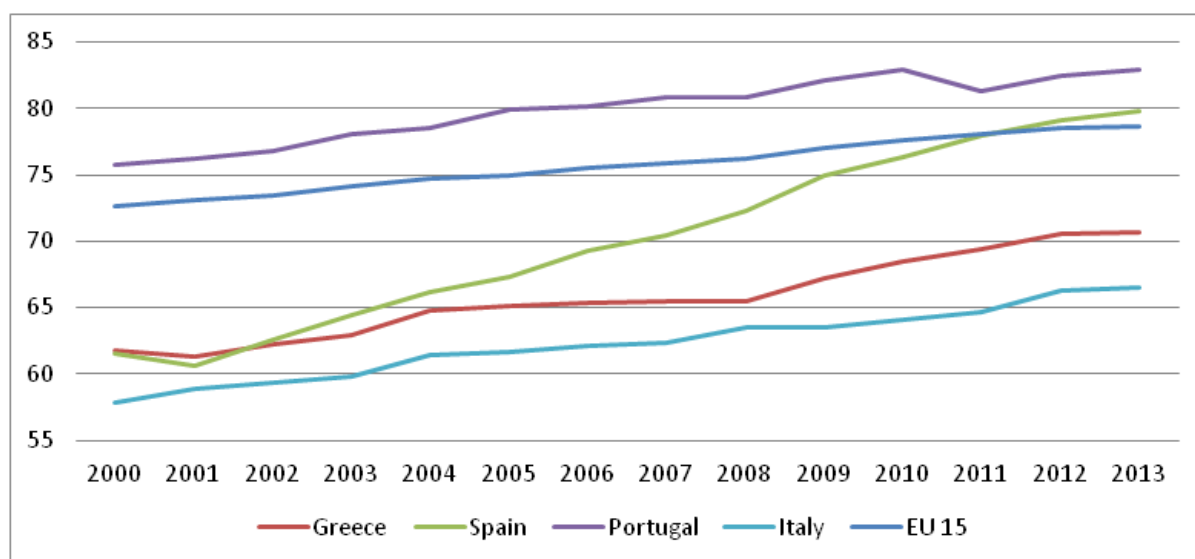
Graph 3.4: The percentage of female unemployment rate (annual average)



Source: Eurostat

The ratio between female and male participation is another indicator that can give us an idea about the labour market features of the four countries. The Graph 3.5 reflects the proportion of the working women in percentage with respect to the employed men. As it happened with the previous indicators, there was a convergence between three countries, except Portugal at the beginning of the decade. However during the subsequent period the percentage of the participation of the Spanish women increased more than in Italy and Greece. From 2004 this drift starts and in the last three years a polarization accelerates within the group of Southern Europe. Graph 3.5. The ratio between female and male participation (%)

Graph 3.5: The ratio between female and male participation (%)



Source: World Bank

It has to be underlined that the type of the crisis is also a significant indicator in the comparison between female and male participation to the labor market. In the majority of the cases, crisis generally affects women and children more profoundly than the men. However in the recent crisis, as we can see from the graphic 3.5, the result is contrary. It is possible to relate this contradiction to the characteristics of the crisis. 2007 crisis was rooted in real estate sector in which generally men are employed. Other sectors which habitually dominated by female workers- tourism, commercial sector or health sector- were not in the center of the crisis but secondary. Therefore, in this crisis man suffers from unemployment more than women. However as men are generally the main providers of the families, when they lose their jobs, it also affects women directly and intensely.

In summary, the data that have been chosen to characterize the labour market show that in the pre-crisis period, particularly between 2000 and 2007, there were not substantial changes in the labour market structure of the four countries, Greece, Portugal, Spain and Italy. On the other hand, what happens later is a wide spread weakening of the labour

market of those countries and this trend has been common among them. However as the most of the data reflect Spain and Greece experienced a deeper weakening than Italy and Portugal.

It is necessary to add the role of the informal market to complete the effect of the crisis on the labour market. According to the European Commission report of 2013 there are some changes in the statistics of the “unreported work” since 2007. In the first place, what has not changed is that while Northern European⁵ countries spend more on undeclared goods and services the quantity of money obtained through the supply of the above mentioned goods and services represents only a small part of the annual revenue. On the other hand in Southern European countries⁶ the total amount of money that is spent is less. However, the quantities obtained in the informal market constitute a significant proportion of the annual income for their participants. In Northern European countries the number of people who are in the informal market is bigger than in southern countries however by comparing the total hours of unreported work, Southern European countries exceed Northern European ones. That indicates that in the Southern Europe the people who work in an unreported job mainly depend on this income and do not have access to another type of income. (European Commission, 2013, p. 9) The main reasons for the informal market participation in Southern European countries are generally based on the difficulty of finding a regular job, the absence of other type resources and being considered as a common practice in the region.

Since 2007, people who are participated to the survey in only four countries declare that they know more people who have an unreported work than formal ones. These four countries are Greece, Spain, Cyprus and Portugal; all is located in Southern European group.

⁵Denmark, Finland, Sweden

⁶Greece, Spain, Italy, Portugal, Malta y Cyprus

(European Commission, 2013, p. 11) The very same surveyed people admit that in the Southern Europe, it is more likely to oblige to deal with the typical consequences of participating to the informal market like the lack of access to social security. The answers of the surveyed persons to the questions about being paid under the table can be considered as another indicator to observe the informal market. According to the study, by comparing all the European Union countries, it is noted that the proportion of the annual income received being paid under the table among the people who participate in the informal economy is very high in Southern Europe with 69% and it is followed by Central Europe with 29 %. (European Commission, 2013, p. 13)

3.2 Social Protection

The first indicator normally used to compare the social protection systems of the four countries would be the public expenditure as a percentage of GDP and its distribution among different sectors. As it is mentioned in the previous chapter, Eurostat database does not include education as a category within the social expenditure therefore it is not incorporated in the computation of "total social expenditure". However, we can consider it perfectly as a part of the same because of its contribution to equal opportunities and its equalizer function for living conditions. In Table 3.1, we can see the total social expenditure percentage in GDP in a column and the total social expenditure + education in another column.

In all four countries, the first common feature that stands out is the great number of participation of social public expenditure on old-age and health with respect to total expenditure. In Southern European countries, these two groups have always been predominant as a percentage of GDP. The evolution of the total social expenditure during

the last twenty years has been almost similar in Portugal, Italy, Spain and Greece. Total social expenditure reached its highest levels since 2008. During the crisis, the increase in total social expenditure occurred in a converging way in four countries, which would enable us to answer positively to the question with which we began this chapter.

By looking at the public social expenditure and its composition, we can still talk about a grouping among Southern European countries. In each country, the first three sectors that include the major part of the social expenditure are "old age", "health spending" and "education". Although there is a serious unemployment problem in the four countries, the protection of the unemployed people is not included among the initial targets of social expenditure. Only in the case of Spain, the participation of spending for unemployment in the total social expenditure is higher than in the other three countries and shows an increasing trend after 2007.

In the distribution of responsibilities for the maintenance of the welfare system in Southern European countries, the states have not had that much participation as high as in other regimes. However, the increase in the public social expenditure may mean that these countries are trying to recover from the consequences of the crisis through a greater state intervention. On the other hand, this increase may reflect a great deterioration of the economy which results in a growth in the proportion of the public social cost in GDP.

Obviously, this increase in social spending is closely related with the crisis and it does not necessarily imply that it will maintain in a stable manner in the long term. At the same time, the rise of the public deficit and also ongoing requirements of Troika and other similar financial markets lead several reductions in the public spending since 2010, while also

threatening its funding.

Table 3.1: The composition of public expenditure in Greece, Spain, Italy and Portugal (%GDP)

		Greece	Spain	Portugal	Italy
Total+Education	2011	25.7	31.62	30.07	31.79
	2007	25.106	25.64	27.5	29.07
	2000	22.91	24.28	24.02	27.82
Education	2011		4.82	5.27	4.29
	2007	3.606	4.34	5.1	4.27
	2000	3.71	4.28	5.42	4.52
Total	2011	25.7	26.8	24.8	27.5
	2007	21.5	21.3	22.4	24.8
	2000	19.2	20	18.6	23.3
Survivals	2011	2.3	2.3	1.8	2.6
	2007	2	1.9	1.6	2.4
	2000	0.8	2.1	1.3	2.5
Family	2011	1.4	1.4	1.2	1.5
	2007	1.1	1.3	1.2	1.4
	2000	1	1	1	1.3
Housing	2011	0.3	0.2	0	0
	2007	0.5	0.2	0	0
	2000	0.7	0.2	0	0
Inability	2011	1	2.6	2	1.8
	2007	0.9	2.5	2.1	1.7
	2000	0.9	2.5	2.3	1.6
Health	2011	6.6	6.8	6.3	7
	2007	5.8	5.9	6.3	6.5
	2000	4.7	5	6	5.6
Unemployment	2011	1.1	3.5	1.2	0.8
	2007	0.1	1.8	1.2	0.4
	2000	0.4	1.7	0.6	0.4
Old Age	2011	12.3	8.9	11.3	13.4
	2007	10.1	6.8	9.2	11.8
	2000	10.2	6.8	6.6	11.3

Source: Eurostat and OECD

3.2.1 Health Sector

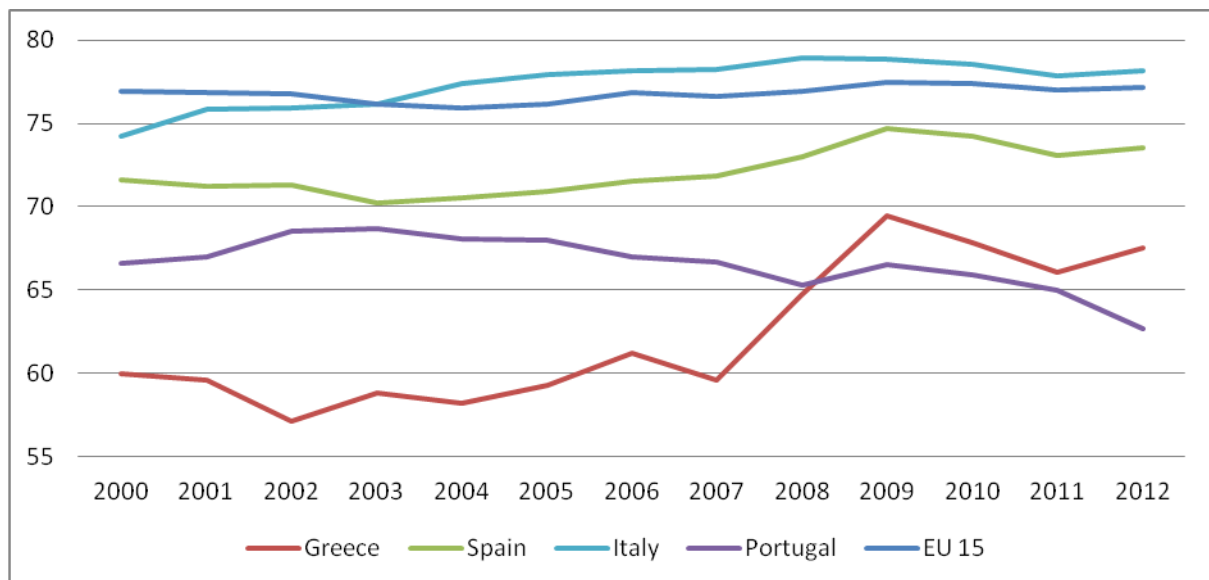
Conversely, it is possible to evaluate the trend towards universalism in Southern European countries observing the health sector. The first indicator related to this dimension would be the health coverage, in other words, the percentage of the population that is covered by the health security. In this line, the OECD data of 2009 – the data is available only for this year - are not surprising. The universalisation of the health sector was almost complete. The percentages of the population that was covered by public insurance, reached 100% in Greece, Italy and Portugal and 99.2% in Spain. Unfortunately, cutbacks and limitations derived from the recent crisis generally target to immigrants who are in irregular administrative position. Immigrants as being the group which confronts more difficulties in terms of access to health sector in the pre-crisis period, they also suffer relatively more than the rest of the society during the crisis. In addition to that, in some cases, cutbacks in health sector are managed particularly to the undocumented immigrants. (Declaracion de Granada, 2014)

The percentage of public health expenditure within the total health spending is another indicator very frequently used to analyze the role of the state in the health sector. As it is possible to check from graphic 3.6, the percentage of public health expenditure of the European Union shows almost the same levels in the past 13 years (there is a decrease around 1-2%). By looking at each of the four countries, Italy is the one that reaches the highest public sector involvement in the total health sector and is located in the European average with a percentage of 77%. Spain is the second country with highest public participation in this sector and without a noticeable change in the last two decades. By analyzing the health coverage and the public health expenditure, what is remarkable is that

the number of people covered by the state has increased and in most of Southern European countries has reached 100% of the population according to a universal system, although the coverage of the insurance of each person in terms of health services, is not fully funded throughout the state because of the existence of private services that are also used by a significant part of the population.

In addition, the percentage of public health expenditure within the total health expenditure in Greece reflects lower values in whole period between 1995 and 2011. Although a convergence appears between 2002 and 2006, since 2007 -particularly after 2009- public health expenditure decreases with respect to private in relative terms. The same trend exists in the case of Portugal. What is remarkable is that Italy and Spain have evolved in a similar way around 80% and Portugal and Greece also have done it however reaching only 60%.

Graph 3.6: The percentage of public health expenditure in total health expenditure (% GDP)



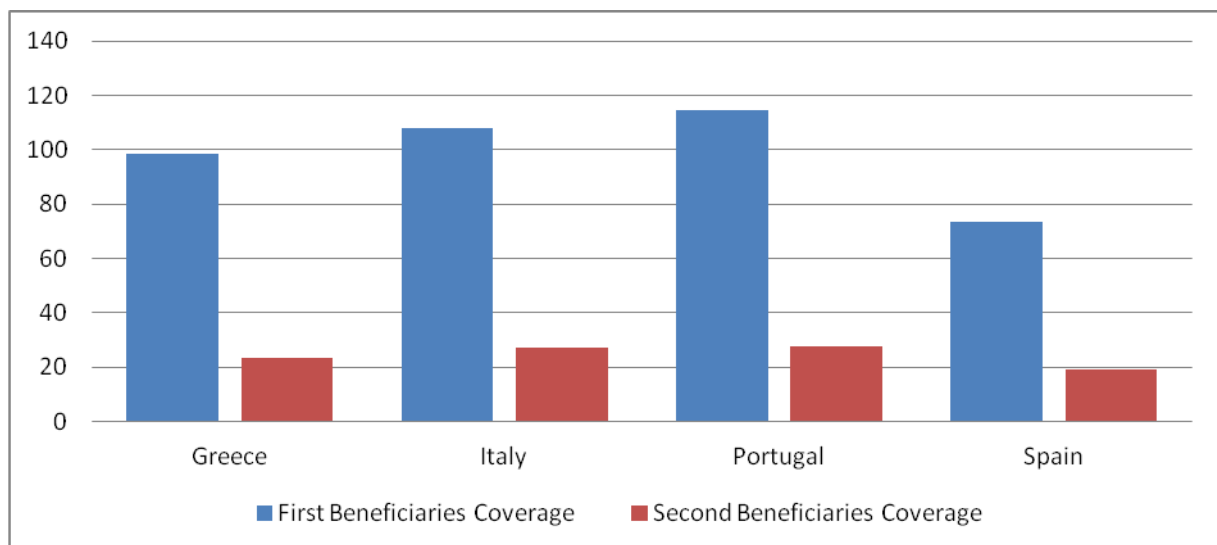
Source: OECD and World Bank

3.2.2 Pensions

The other important element of the social protection is the pension system. The structure of the pension system is one of the indicators that show the general tendency of the social protection system towards the citizens and particularly to the labour force. According to World Bank data, there are two basic indicators that express the degree of coverage of the pension's beneficiaries. The first would be the proportion of the total number of beneficiaries of the contributory and non-contributory old-age pension in the total population of greater than 65 years.

In Graph 3.7, it can be seen the high proportions of coverage that characterized the four countries before the crisis -with the exception of Spain, showing that 100% of elderly population – number of people who has access to the old age pensions- was covered by the pension system in Southern European countries. In cases like Italy and Portugal, the proportions over 100% refers to the existence of people who have access to the old age pensions before age 65 (for instance, retired women before 65 years old). According to data from the World Bank, the average of the percentage of public pension expenditure in those countries was 12% with respect to GDP.

Graph 3.7: Coverage rates of the pension beneficiaries in 2010 (%)



Source: World Bank

On the other hand, the second type of coverage has an opposite situation. The proportion of beneficiaries of contributory and non-contributory pensions – survival, disability and others are included- in the total population, naturally, is much lower. As the great participation of the public social expenditure for older people as a percentage of GDP was a common feature in all four countries, the pension system also shows common attributes, allowing them to form a group.

3.2.3 Unemployment benefits

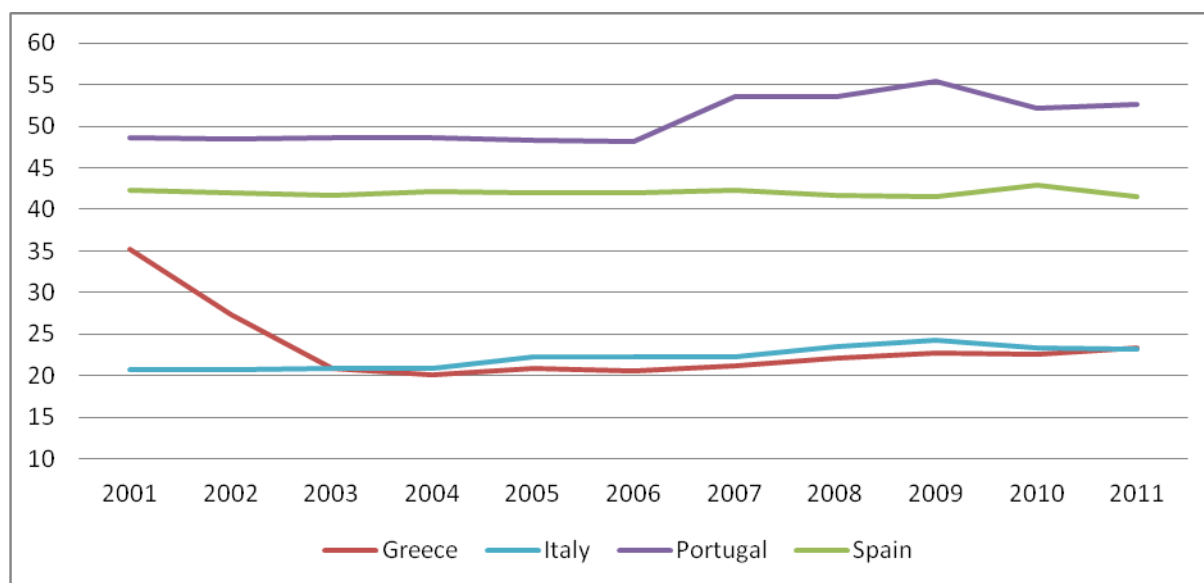
Unemployment benefits are the last variable that is given in this sub-chapter. However, instead of using the basic data of unemployment benefits, in this section we will use the replacement rates as they are the ones that reflect better the efficiency and the impact of the unemployment benefits on welfare regimes.

Gross Replacement Rates (GRR) show the gross rate of unemployment benefits as a percentage of the previous salary obtained by every worker. Net Replacement Rates (NRR)

reflects the net rate of unemployment benefits as a percentage of the previous salary and is preferred particularly in analyzing the long-term unemployment (more than 12 months). In the calculation of the gross replacement rate, the unit of analysis is individual, while households are considered as the unit of analysis in the measurement of the net replacement rate. In this work, the net replacement rate is preferred to reflect the efficiency of the unemployment benefits because it refers to households as a total and because it takes into account the impact of taxes, social security contributions and benefits in cash. There are two types of data of net replacement rates. The first excludes social assistance and the benefits that are related to housing and consists only the monetary benefits of unemployment and other services that are linked to unemployment insurance. The second includes the social assistance that refers to the financial assistance of the minimum income by the government during period of unemployment and also refers to housing subsidies which are cash benefits for the rent in case of unemployment.

In Graph 3.8, it is possible to observe the net replacement rate excluding the social assistance and housing benefits for households with two children and two workers (households where there are two employed persons). In the last 10 years, in the cases of Spain and Portugal, the rates have been relatively high and quite superior with regard to Greece and Italy, over 40% of the previous salary. Even after 2007, the rates have not declined 50% in Portugal. In contrast, the net replacement rates of Greece and Italy - very similar to each other, at about 20% - have been very low. In the case of Greece, the fall in 2001 and 2002 was significant because since then a permanent trend was created and lasted during all the decade.

Graph 3.8: The net replacement rate-I (excluding the social assistance and housing benefits)



Source: OECD

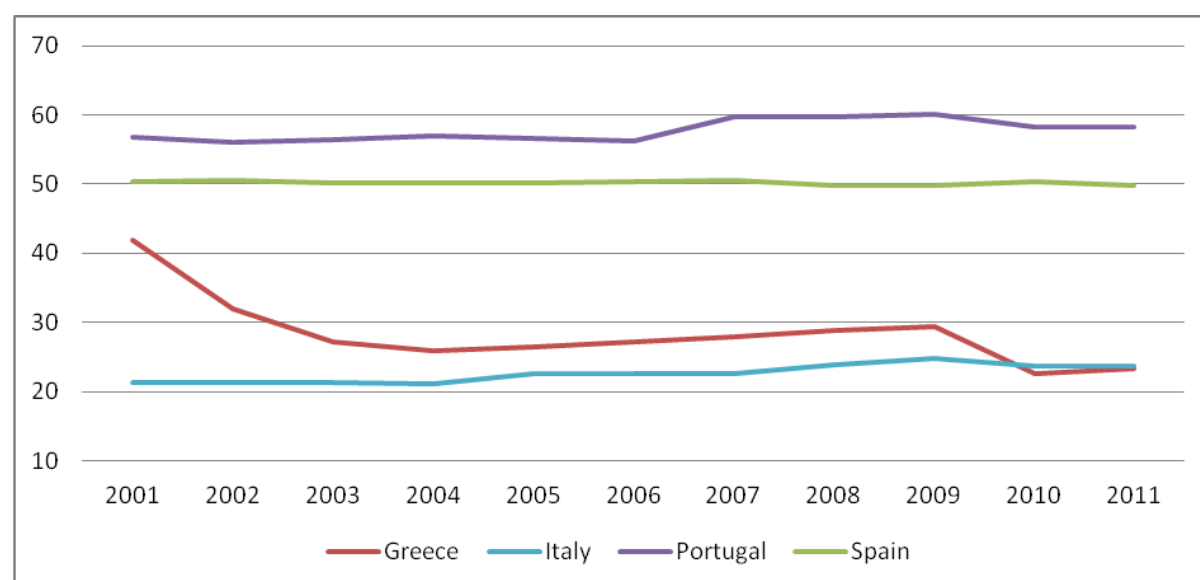
From this graph, it is possible to point out that it is not possible to form a homogeneous group among the four countries in terms of the net replacement rate. While Spain and Portugal reflect similar results, Italy and Greece form another type of group in terms of this variable.

In the following graphic, the overall tendencies are the same, although, naturally, the percentages change. The change in the levels of the net replacement rates is a consequence of including the resources which are allocated to social assistance and housing benefits. In terms of social protection, including the two concepts is not considered problematic. Both are relevant public social protection instruments.

By comparing the two types of data of the net replacement rate, we can see that in Greece the percentages of the rates have not changed much; particularly in the last two years, there is no difference. This could mean that there is no social assistance or housing benefits or both of them have no effect on the net replacement rate because they are compensated.

During the first decade of the XXI century, in Greece the households have received around 30% of their previous salaries through the unemployment insurance and unemployment benefits, except the last two years in which it has been reduced to 23%. The tendency of Italy during that decade is similar to the observed trend of Greece in the last two years. The net replacement rate levels, including or excluding social assistance and housing benefits, remain around 23%, without showing a significant difference over time. On the other hand, Spain and Portugal are not only the countries with high replacement levels but also they show significant difference between two types of net replacement rate data. In other words, households in these countries receive unemployment benefits at a higher percentage of their previous salaries and also receive social assistance and housing benefits at a significant level.

Graph 3.9: The net replacement rate-II (including social assistance and housing benefits)



Source: OECD

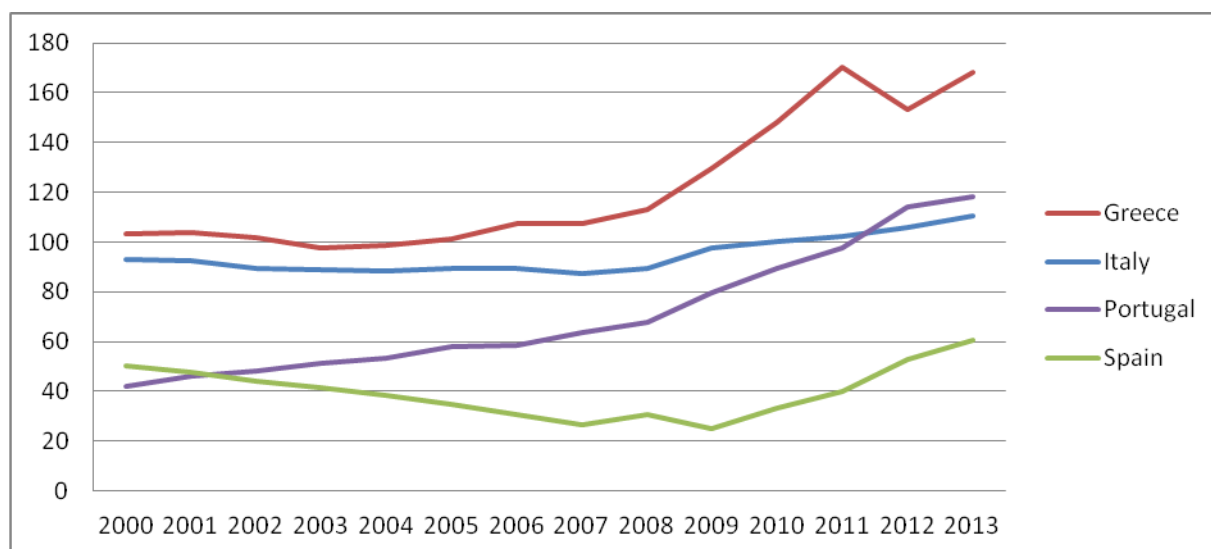
In short, among the Southern European countries, Portugal and Spain show high levels of the net replacement rate and also follow the same trend during the last decade. On the

other hand, Greece and Italy resembles for both having low levels of net replacement rates and both following the same tendency.

3.3 Public Debt

Another crucial point that should be mentioned in this chapter is public debt. Public debt increased radically as a result of the crisis in southern countries and it created an important funding problem. Data for public debt can give an idea about the capacity of the government to guarantee the financing of the social protection system.

Graph 3.10: The Net public debt (% GDP)



Source: IMF

The data of the net public debt in Southern European countries show that until 2007 there were two groups within the four countries; Greece and Italy were countries that have higher percentage of net public debt; about 90% of GDP. Two other countries; Portugal and Spain were still under 60% in most of the time between 2000 and 2007- but Portugal with an increasing tendency.

However after 2007, Portugal continues to show a dramatic increase in terms of the net

public debt by percentage of GDP, exceeding 100% in 2011. Spain is still around 60% and even decreasing. This country remains as the marginal of the group. On the other hand, the net public debt of Greece, with more than 170% breaks with the rest of the countries, dragging the country to the edge of bankruptcy.

The important issue is the sustainability of this growing public debt in Southern European countries. Independent from the region, the sustainability of public debt is a controversial subject and by looking at studies of Heinemann (1993), Collignon (2012) and A. Ghosh, Kim J., Mendoza E., J. Ostry and M. Qureshi (2013), it is possible to say that there are several methodologies about its assessment. The annual balance approach, the stabilization of the debt/income ratio and the time-series methods are some of them. (Heinemann, 1993) However, what crucial for sustainability is inter-temporal budgetary constraint. In other words, sustainability does not mean that the budgets always have to be balanced but borrowers are considered as trustworthy while they can return their debts and interest for their future income. (Collignon 2012)

The European Union determines two sets of rules on the subject. The first one is that the ratio of government deficit to GDP cannot exceed 3% and the second one is that the public debt to GDP ratio cannot exceed 60 %. In cases of excessive deficit, the government of the country with the deficit has to terminate it in a specific given period or has to pay a fine. However, there are some debates about the utility of the fiscal rules and the critics claim that the criteria to provide a sustainable public debt in Europe are not sufficient nor based on a reliable economic argument.

Armington and Baccaro (2012) discuss about the utility of the mentioned debate and also

about the grouping of Southern European countries. What they admit is that the public deficit problem is not a regional problem but Greek problem which spread to other countries. In 2007, Greece had the worst results in the government and public deficit exceeding respectively 6% and 107%. However, other four countries -Baccaro and Armingen include Ireland to their analysis- didn't have serious deficit problems and even Ireland and Spain had consistent results with the Stability and Growth Pact of European Union.

The fiscal reactions of five countries just after crisis (2008-2009) do not converge. In Italy, the government was able to maintain the public expenditure by renouncing a stimulus package. In Spain with a dramatically high level in the unemployment -particularly in youth unemployment - it was difficult to continue with fiscal passivity and the stimulus package also has caused additional fiscal problems. Portugal had a moderate counter-cyclical reaction and during crisis its public deficit increased to 10.2 % from 3.7 %. (Armingeon and Baccaro, 2012)

However, by looking at Southern European countries in terms of the sustainability, they can show a convergence because of being a member of monetary union. Paul de Grawe compares two countries; United Kingdom -not member of Eurozone- and Spain - member- in his article, "The Governance of Fragile Eurozone" and admits that in the EU member countries, a liquidity crisis will more probably end in a solvency crisis for not having their own currency which they have control over. When investors are concerned about non-compliance of the Spanish Government, they sell government bonds as they would do it in the United Kingdom. However, the acquired Euros can migrate to another country of the monetary union to buy for instance German bonds. In the end, for lack of an exchange market, the Euros do not stay in Spain and the Spanish Government suffers from a liquidity

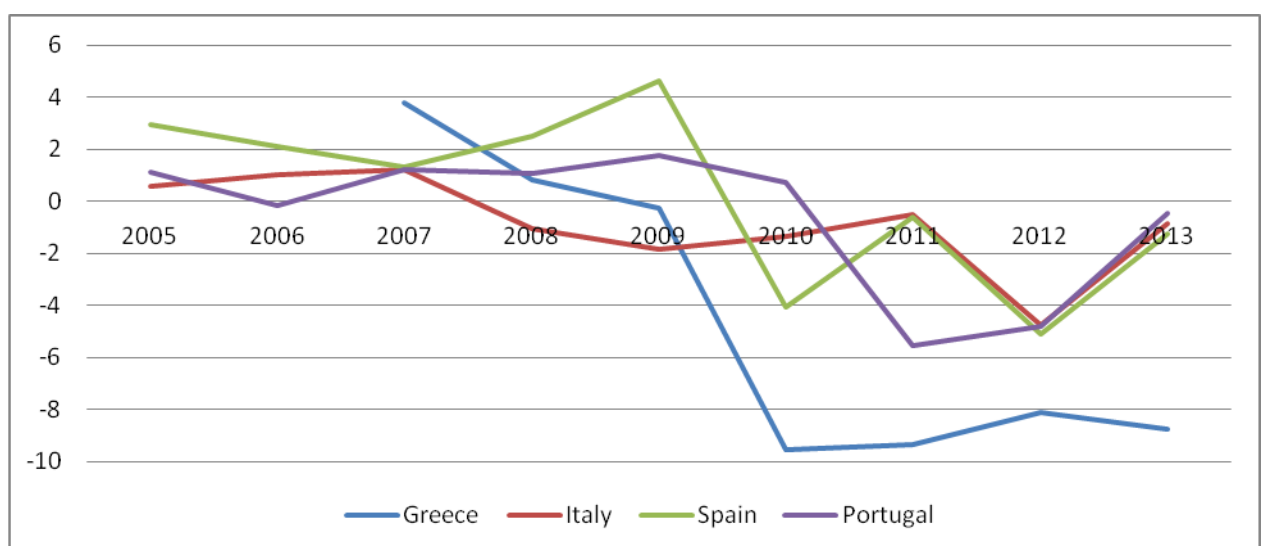
crisis. Financial markets offer high interests and can deepen the crisis. In these circumstances, the Spanish Government would insist on austerity policies to win the confidence of the markets, but at the same time through such policies it may worsen the situation. The path would be same for all the countries of Southern Europe which suffer from a liquidity crisis and have no control over the common currency.

3.4 Households

Households are the crucial actors in the welfare regime of Southern European countries. The maintenance of the system depends on households through its economic, political and cultural attributes. Therefore possible changes in the structure of households are one of the factors that may have a more profound impact on the modification of the grouping of the welfare regimes.

The first and the most basic economic indicator is the evolution of household net disposable income deflated by the price index of the final consumption of households which is represented in the Graph 3.11. Families constitute a protection system among themselves and even small changes in the income of families can affect the maintenance of this delicately balanced system which is financed by households' budgets. According to OECD data, households began to have negative rates since 2008 even if the most drastic drop took place in 2010, particularly in Greece, Portugal and Spain. Thus it is possible to see clearly the deterioration of the household net disposable income since the beginning of the crisis.

Graph 3.11: The growth rate of household net disposable income (the annual rate by %)



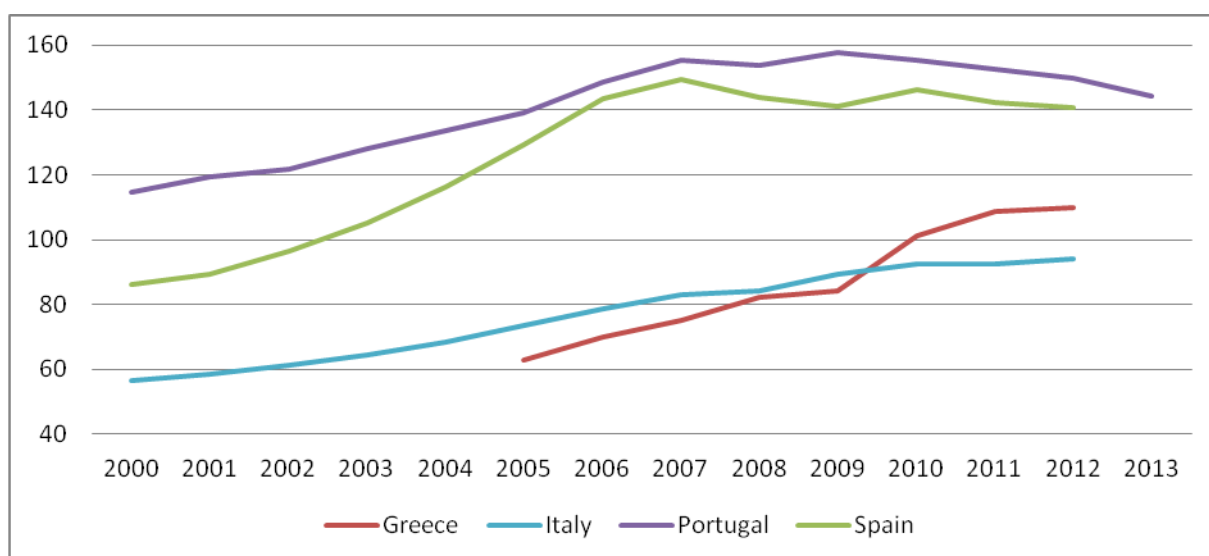
Source: OECD

In the Greek case, the scale of the fall is way more radical than the other three countries. Net disposable income growth rate decreased until -9,5% between 2009-2010 and although later it recovered the country's position a little, only ascended to -8,1% in 2012. The most recent data of this indicator which is in 2013, still stays at -8%. Portugal has a similar tendency with Greece but the magnitude of the decrease is softer. In addition, for this reason in 2012 it managed to recover its position and could converge with Italy and Spain.

It has to be mentioned that even the Greek case is an exceptional one even in the southern group, Italy and Spain as being two countries with better growth rates of net disposable income of households between the four; neither have they passed to positive levels in 2013. However, this data is important in terms of the grouping because it reflects the impact of the crisis clearly. After 2007 crisis, the households of the four southern countries have not reacted differently in terms of growth rate of net disposable income of household. However in 2012 –except Greece- they converged again and continued to have common characteristics to form a peculiar group.

As it is expected, with the fall of household net disposable income, the indebtedness of households also increased. Since 1999, the debt to gross disposable income ratio increases; in other words, households cannot save and have to consume the part that they were saving previously.

Graph 3.12: Household indebtedness (by percentage of the gross disposable income)



Source: OECD

Since 2001, the proportion of debt to gross disposable income reached 50% (graph 3.12). In the cases of Portugal and Spain, particularly after 2003, the percentage exceeded 100% of the income which would indicate to the mass consumption or not compensated consumption. Until now, what can be stated is that households were earning less than before and the disposable income was not sufficient to maintain the total consumption so they go into a massive indebtedness. The strong rise of unemployment and following loss of income that affected to the most of the households generated a growing delay or slowness problem in payments and an increase in the household indebtedness level.

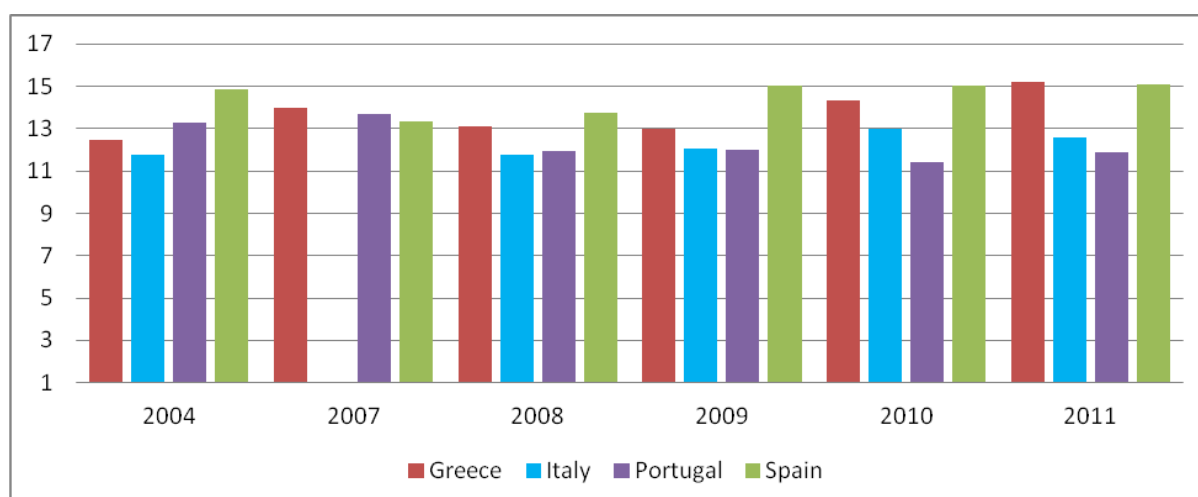
The rise in the indebtedness of households during the expansion period reflects the abundance of bank credit however without an increase in the household income. On the contrary with insufficient salaries, households get into more debt with higher interests. The increasing tendency of this data until 2007 in four countries is related to abundance of bank credit and its easy access and it finally created a vulnerable increase in demand. However during the crisis, particularly in Portugal and Spain, indebtedness is relatively stable and it even decreases after 2011. This contradictory tendency is the consequence of tightening

policies of banks. In Greece and Italy, this adjustment process could not be managed like in other two and in the end with worsening conditions of the crisis households continued to get into more debt. Particularly in Greece the level of borrowing is more radical.

Naturally, there was a significant increase in the poverty rate and the poverty gap in Southern European countries which are two indicators that reflect the relative poverty. We can use the definition of the OECD for the poverty rate: "the percentage of people living under the national poverty line" and the definition of World Bank for the poverty gap as: "the mean shortfall from the poverty line (counting the non-poor as having zero shortfall), expressed as a percentage of the poverty line. This measure reflects the depth of poverty as well as its incidence." In this work, in order to compare the relative poverty of the four countries, we use the poverty rate after taxes with a poverty line of 60% and the poverty gap reflects the percentage of people that live under 1,25\$ a day according to the international prices of 2005. As this data includes the exchange rate revisions in power purchasing parity, it is not possible to compare it with poverty rates of individual countries. Therefore graph 3.13 reflects only the changes in poverty rate during the crisis.

By comparing the rates according to information provided by the OECD; Portugal, Spain and Italy have a poverty rate higher than the average of the OECD countries and, although Greece is positioned under the average, it is the country with the second highest poverty rate just until 2011. In 2011, as a result of the crisis, Greece exceeds even the Spanish poverty rate which is the highest one among four countries before and after the crisis. It should be noted that the available data on poverty generally corresponds to the end of the first decade of 2000's; therefore a possible change in the range of Greece would be expected as a consequence of the crisis.

Graph 3.13: Poverty rates (%)



Source: OECD

Looking at the graphic above (graph 3.13), it is possible to comment that the impact of the crisis over the poverty rate is more profound in Greece, increasing from 12,45% to 15,22% between 2004 and 2011. As Spain already had high rates in the pre-crisis period, the impact was not considered as drastic as in the Greek case. Portuguese case is again an exceptional case for relatively diminishing its poverty rate since 2008 until 2010 and then increasing it again in 2011. Analyzing four countries according to the available poverty rate data, we can interpret that; in the period before the crisis it is possible to talk about a slight convergence between them. However the impact of the crisis separated them into two groups such as Spain and Greece are forming the first one with around 15% levels and Italy and Portugal the second around 12%.

On the other hand, the poverty gap data at 1,25\$ at a day is not available for all four of the countries. Portuguese data is not accessible from 2004. However it is possible to compare the three of them in the years 2004 and 2010. Spain continues to be the country with the highest poverty gap level and in addition to that it is increasing its level from 1,34% to 2,34% in six years (World Bank). Greece also experiences an increase reaching to 1,37% in 2010 yet

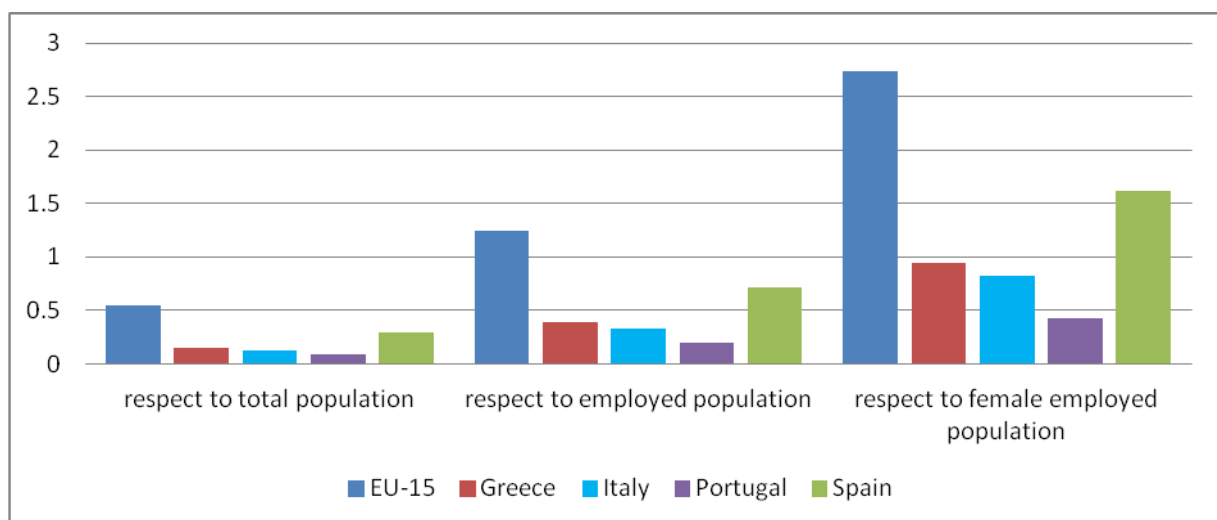
different from poverty rate graph, Greece and Italy – as a result of the crisis- have closer levels in 2010. In Italy, the gap ascended to 1,35% from 0,67% between 2004 and 2010 which able it to form a group with Greece, excluding Spain.

The weakening of the economic situation of households had repercussions on care services of Southern European countries that were provided through families. The care for the elderly persons and children in the households became more difficult with the decrease of the disposable income of households and on the other hand, the massive indebtedness urgently required the female participation in the labour market which meant continuing the work of family care with the same intensity. However, Graph 18 shows that after the crisis the female participation in the labour market has declined. Furthermore, the reduction does not directly indicate that women stay at home to perform assistance services; it is very possible that the number of women who seek for employment and cannot find employment increases that they will be incorporated to a great extent to the scope of the underground economy.

Two indicators will be used to complete the reflection of the relationship between the labour market and the care services for families. The proportion of people who stop working in order to care for their children under 8 years old to the total population in 2010 is the first one. The difference between European Union average and four Southern European countries is significant. In 2010, European average (EU-15) of the proportion of people who stop working to care for their children under 8 years old to the total population is relatively high reaching to 5,4% (graph 3.14). This percentage is lower in four countries such as; Portugal 0,87%, Italy 1,2%, Greece 1,3% and Spain 2,9%. However neither there is a convergence between four southern ones. Spain shows divergently higher levels in this data.

On the other hand, it is important to interpret the data correctly. The proportion of people that stop working relative to the total population does not give us a clear idea about the relation between assistance services and labour market. Firstly, the proportion of those people respect to employed population – not the labour force- should be taken into consideration. In addition to that, although the data does not directly reflect the number of women –rather both sexes- that stop working for child care; considering the characteristics of those male headed societies, it can be assumed that most of the people included in this data are women. Therefore, the proportion of this quantity respect to female employed people can give us an idea about the mothers who leave their jobs in order to deal with assistance services.

Graph 3.14: The proportion of people that stop working to care for their children less than 8 years old in 2010



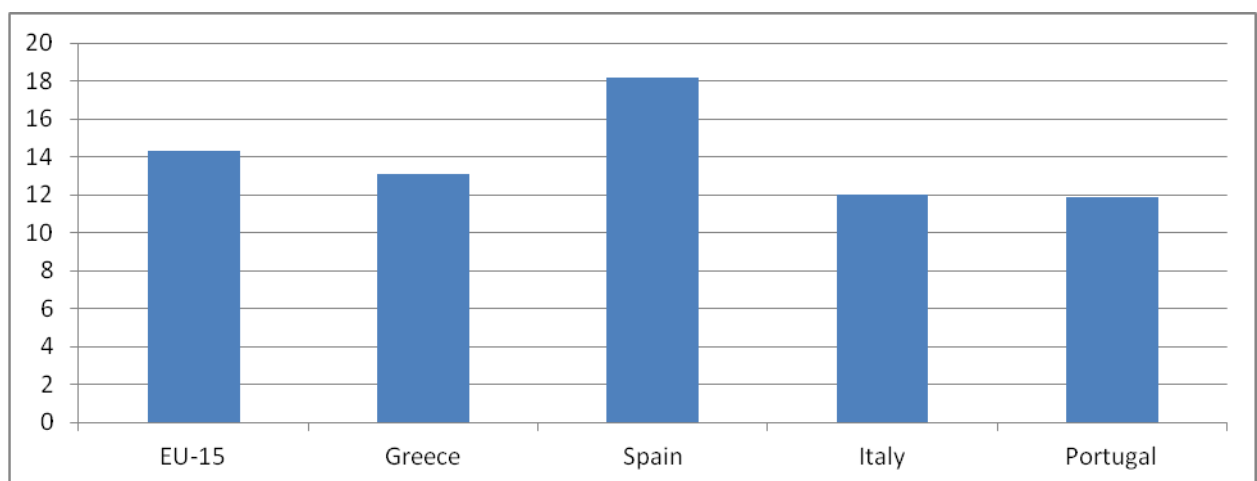
Source: Eurostat

Looking at the graph 3.14, Spain is the leading country in all three kinds of ratios. It is possible to say that 0,7% of the employed population leave their jobs to care their children. Although it is not clear, depending on the assumption that is previously mentioned about

the women majority within those people, we can say that more than 1,5% of employed women leave their jobs for children care.

The second indicator is the proportion of people that benefit from weekly childcare services for their youngest children relative to the total population. According to the European Commission's definition, the childcare (nursery) services include the formal agreements and additionally care provided by families. Levels of this data for four countries are higher than the previous indicator (graph 3.15). Spain -the leading country in the previous indicator- also has highest percentage of people benefiting from weekly childcare services. In other words, in Spain more than 18% of people benefit from weekly nursery services instead of leaving their jobs for that purpose.

Graph 3.15: The percentage of people that benefit from weekly childcare services for their youngest child in 2010



Source: Eurostat

In summary, by looking at the evolution of household net disposable income in Southern European countries, it is possible to observe that they have a similar decrease, particularly after 2009. However, the downward trend does not cause a convergence between these countries, which does not allow them to form a group. It will not be possible to pay for care

services with the deterioration of the situation. Also with the Mediterranean culture effect, women leave the labour market and care for elders and children. However, with the decline of the female participation incomes fall and the situation worsens further.

3.5 Conclusion

The purpose of this chapter was to try to analyze the welfare conditions in Southern European countries after the crisis, through a data analysis. After the crisis, as all the countries of Europe, the economies of Southern Europe were also affected. The impact of the crisis changed the results of most of the data and caused questioning the permanence of the welfare models. In this work the three areas of the economy are focused to investigate alterations in the models.

In the labor market field, by looking at data from Greece, Portugal, Italy and Spain, the unemployment rate, the long-term unemployment, youth and women unemployment increased with the effect of the crisis but did not create a convergence between countries but instead diverged them more than before. By looking at the results between 2000 and 2007 –before the crisis-, there was a trend towards a convergence among Southern European countries but after 2007, the impact of the crisis was not in same amplitude. The crisis affected Spain and Greece more than Italy and Portugal and opened the gap between the two groups. The data of the long-term unemployment rate is a point of which it is possible to comment about a convergence between all the four Southern European countries. Lately, the participation of women has been increasing but not in the same intensity level again. In addition, it is necessary to comment on that data considering the households conditions and the positions of women in Southern European countries that is mentioned in part 3.4.

The informal market is also a labour market element and the reports on this subject show that there is a great supply of non-declared services in Southern Europe and although the number of people who have an informal job does not exceed to the Northern European countries, but the hours worked in the market exceeds. The situation is interpreted with the fact that the people in the informal market mainly depend on their income that comes from an unreported work and do not regard it as a complementary work. In addition, a consistency exists between Southern European countries in terms of the informal market.

In the area of state activity, the public expenditure as a percentage of GDP and its composition between the different sectors were the main points to compare the social protection systems of European Mediterranean countries. By looking at the levels of public expenditure as a percentage of the GDP, the four countries are still at the same levels and the first two dominant groups in their composition are "old age" and "health expenditure". By looking at the health sector, the high level of the population = covered by the health insurance reflects the common trend towards universalism in all four countries. Furthermore, the percentage of public health expenditure within the total health expenditure exceeds 75% in all countries, which explains the role of the state in the health sector. Aside from the health sector, pensions are also significant in terms of social protection. By looking at the coverage of the beneficiaries, Southern European countries have same results; 100% on "the proportion of the total number of beneficiaries of the contributory old-age pension in the population of 65 years and more" and 25% average in "the proportion of the total number of beneficiaries in the total population".

The net replacement rates are preferred to reflect the efficiency of unemployment benefits. However, a convergence is not observed between countries; but there is a significant divergence after the crisis. In the last decade, Portugal and Spain are the two countries that reflect same levels in the net replacement rate, with higher rates than Greece and Italy and these countries do not have an increase or a dramatic fall in the post-crisis period. The same occurs in Greece and Italy and the distance between them is still in the same magnitude, between 2001–2011.

In the last field, the situation of households is considered in order to evaluate the important role of families in the economies of the four countries. Decrease in net disposable income growth rate, increase in households' indebtedness and increasing poverty rate explain the difficulty of the families in the countries of the South of Europe. Many women leave labour market and return home to take care of the dependents and in the households where women quit working, family income falls and it makes the situation more difficult than before. By looking at the data, the role of households changed dramatically after the crisis. In Greece, Portugal, Italy and Spain, the type of change occurred in the same direction but in different amplitudes; giving rise to the question on whether we can still place them in a distinct group.

The changes in the statistical data after the crisis can also be related to the countries' membership to the same administrative and political entity. As four Southern European countries are members of European Union, they are faced with relatively more international economic pressure than non-member countries. In some cases, EU enforcements to the Southern European countries are not in the same volume and they caused a divergence between those resembling countries' labor market and pension schemes. On the other

hand, very same type of sanctions used as homogenizer elements to keep Southern Europe in the same line and act as peripheries of the Union.

4 IS IT STILL POSSIBLE TO TALK ABOUT A SOUTHERN EUROPEAN WELFARE REGIME MODEL?

As a result of the data analysis that has been shown in the previous chapter, it is possible to claim that there isn't any convergence between Southern European countries in terms of specific welfare indicators. Lack of this convergence between four countries; Italy, Greece, Spain and Portugal, lets us to ask if it is still possible to talk about a Southern European Welfare Regime Model. To be able to answer this question, I think a comparison between four Southern countries and the rest of the Europe is required.

The indicators that have been used in the previous data analysis will also form the base of this comparison and the countries which will be included into this new data analysis are selected among the 15 countries of European Union. They are Belgium, Germany, Ireland, Finland, France, Austria, Sweden and the Netherlands. These countries are selected by looking at their Welfare Regime characteristics and also accessibility to their data. The analysis is divided into three parts, as we did before, which refer to variables of labor market, social protection and the households. Selected period for this part's analysis starts in 2007 and dures until the latest available data. However, years 2000 and 2004 are also included in the graphs to represent the pre-crisis period.

4.1 Comparison of Labor Market Data

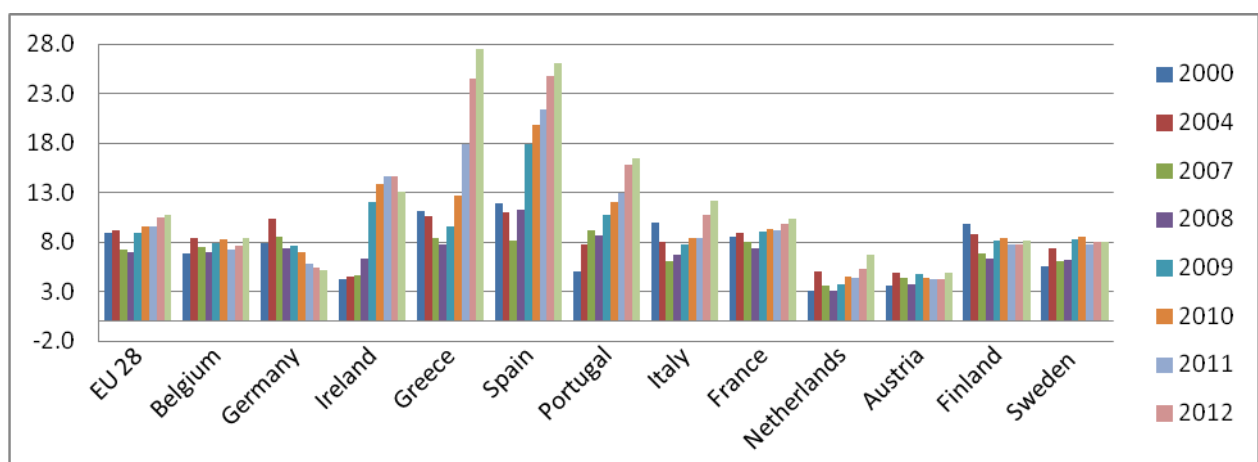
The variables that are analyzed in this study to compare the labor market structures of different European countries are unemployment rate, youth unemployment rate, long-term unemployment rate and the female unemployment rate.

4.1.1 Annual Average Unemployment Rate

In graphic 4.1, the unemployment rates of four already mentioned Southern countries and other eight European Union countries are shown. Looking at the graphic, unemployment rates in Greece, Spain, Portugal and Italy follow a similar tendency which is around 10% in the beginning of the decade and radically increases after 2009. However comparing with other countries, the unemployment trends are different. Although Italy reflects a relatively progressive image than Spain, Greece and Portugal; the difference between these four countries and the other eight permits us to talk about the existence of a peculiar Southern European group.

Looking at the unemployment rates, it is possible to comment that although four countries; Spain, Greece, Portugal and Italy don't seem to follow a common tendency to form a peculiar group, when we compare them with the rest of the Europe, it is possible to group them depending on their relatively high and increasing unemployment rates particularly after 2008 crisis.

Graph 4.1: Unemployment Rates, annual average (%)



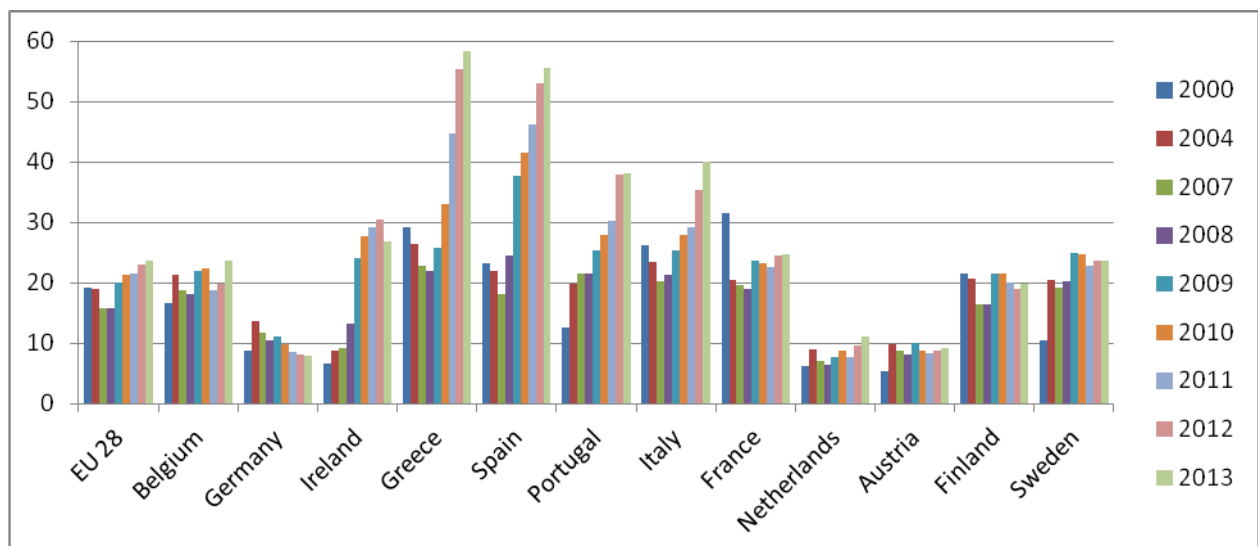
Source: EUROSTAT

The country which shares most communality with four countries is Ireland. Irish annual average unemployment data of the recent 13 years reflects similar tendency with Spain, Greece, Italy and Portugal; relatively low level of unemployment rate in the beginning of the decade and a radical increase in 2008, just after the crisis.

4.1.2 Youth Unemployment Rate

In graphic 4.2, where I try to show the youth unemployment rates of the analyzed countries; there are also groupings between countries. Greece, Spain, Italy and Portugal belong to same group depending on the direction of the increase in the youth unemployment rates. Greece and Spain also have a specific similarity by close rates; higher than 50% in 2012 and 2013. At the same years, Italian and Portuguese data show 40% rate of youth unemployment but continue to be included into the Southern group with the previous two.

Graph 4.2: Youth Unemployment Rate (%)



Source: EUROSTAT

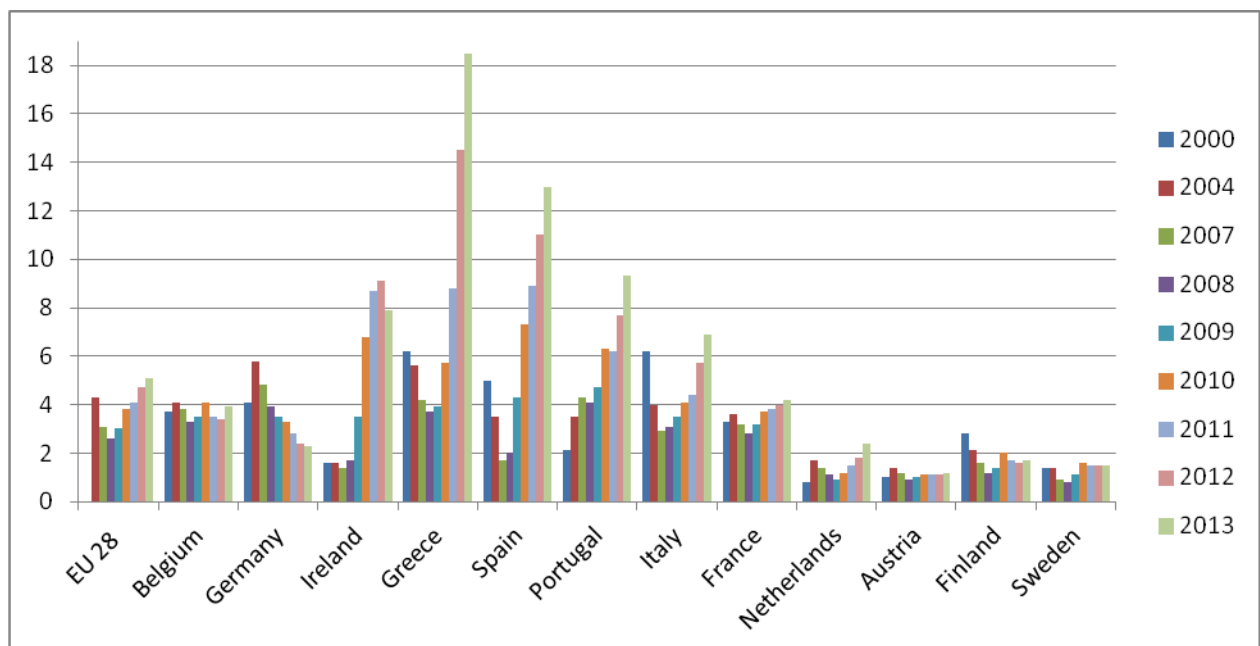
Comparing these data with the European Union's average, it is possible to say that between 2000 and 2013, Spain, Italy and Greece always surpassed the EU's average. However in

Portuguese case the situation is different. In the beginning of the decade, youth unemployment rate in Portugal was lower than Union's average and from 2004 it started to exceed the medium.

4.1.3 Long Term Unemployment Rate

Long term unemployment rate data are reflected in the graphic 4.3 and the results are different than the previous ones. Looking at the recent years' data; Ireland, as being the country which has the most communality with the four Southern European countries, can be included to the same group with Spain, Portugal and Greece; instead of Italy. Long term unemployment rates in those countries exceed 8% but it stays around 7% in Italy. In addition to that, also tendencies don't resemble. In Italy and Greece, the indicator for the long term unemployment has higher rates in the beginning of 2000's, more than 5%. Very same indicator, in the same period was 4% for Spain. However, in Ireland and Portugal, long term unemployment rates proceed at 2%. After 2009 and 2010, Italia doesn't experience a radical jump like others. For instance, in 2012 long term unemployment rates increase only for 1% where Greece' rates leap 5%.

Graph 4.3 :Long Term Unemployment Rate (%)



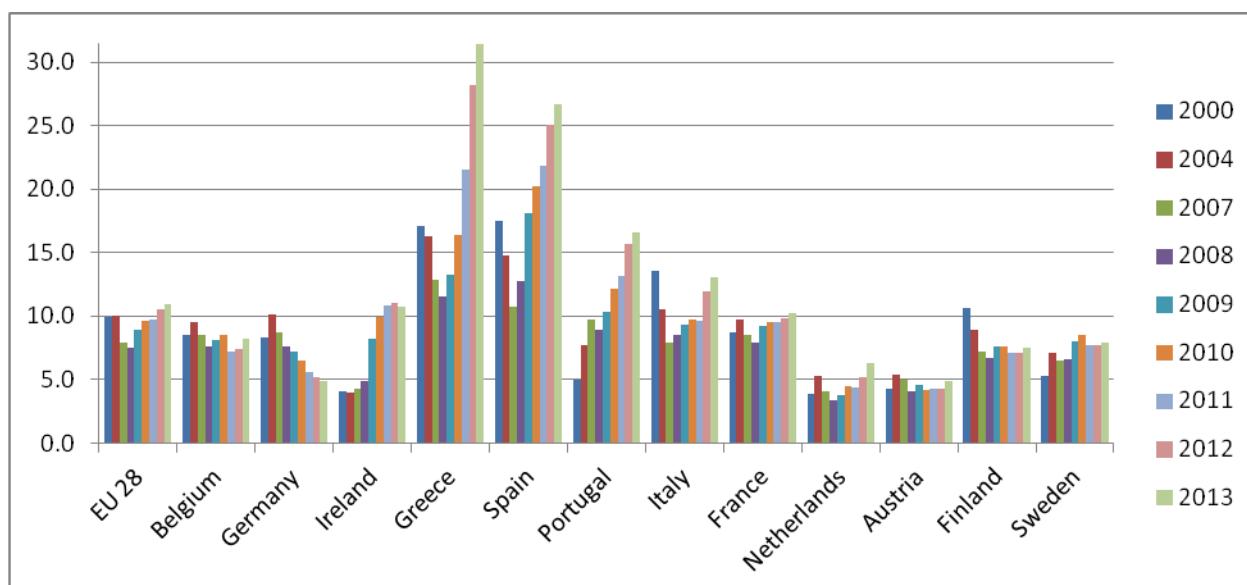
Source: EUROSTAT

It is possible to interpret that, high levels of long term unemployment is one of the direct consequences of the crisis in Greece and it increased profoundly after 2009. In addition to that it is possible to say that level of this problem in Greece is relatively much higher than other southern countries.

4.1.4 Female Unemployment Rate

Last indicator which is included into labor market analysis is the female unemployment rate of 12 countries (Southern countries are included) of European Union. Spain and Greece as being two typical examples of the Southern group show same tendencies and similar levels which are around 20%-30% of female unemployment in recent years. On the other hand unemployment rate of Portuguese women is around 16% in the same period. However, likewise the previous graphics; looking at the big picture this country is still included into the same group with Spain and Greece as having distinct characteristics from the rest of the Europe.

Graph 4.4 :Female Unemployment Rate (%)



Source: EUROSTAT

In addition to that, it is important to mention that the evolution of female unemployment in Portugal also differ from Spain and Greece. Greek and Spanish women experienced an unemployment level which was around 15% in the beginning of the decade. Although there had been a decrease between 2004 and 2007, the rate continued to rise again until 2013. However this decrease in the first half of the decade had not been experienced by Portuguese women. The rates were continuously rising throughout the decade. On the other hand, Italy had the very same tendency with Greece and Spain but shows relatively lower levels of female unemployment.

4.1.5 Conclusion

The aim of this part 4.1. is to analyze the possibility to create a peculiar group between Mediterranean Southern European countries depending on their labor market data. To do this analysis, annual average unemployment rate, youth unemployment rate, long term unemployment rate and female unemployment rate of those countries with the other 8

countries of EU-15 are compared. In the end of this analysis, it becomes possible to reach some conclusions.

Greece and Spain are two countries that have the same tendencies and certainly they can be members of the same group in terms of their labor market data. In other words, two Mediterranean countries are two typical examples of Southern European Welfare Regime.

In the majority of the cases that have been analyzed in this part, Portugal can be included into the group particularly in the last 5 years. However looking at Portuguese data of the beginning of the decade, the country has different characteristics than Spain, Greece and Italy. In the graphics of the all of the four labor market indicators, Portugal has an increasing process instead of fluctuating tendencies of other three Southern countries.

On the other hand, in contrast to Portugal, Italy has Southern regime characteristics in the beginning of the decade and it deviates from this similar line in the last 5 years. Particularly, by looking at the long term unemployment rate of Italy, it is easy to place the country out of the group. Also, in cases like unemployment rate and long term unemployment, it shows more similarities with France.

As a result of the data analysis of labor market, it seems that Ireland could also be included into the group. Although its characteristics in the pre-2008 period are totally different in majority of the cases; after the global crisis Irish data shows significant similarity with Southern Welfare Regime Model. For instance in long term unemployment Ireland is closer to France, Spain and Greece more than Italy. However last 5 years in an analysis which includes 13 years of data is not considered sufficient for the inclusion of Ireland into the group.

To sum up, Greece, Spain, Italy and Portugal comparing with 8 different countries of EU 15 share a propensity to form a group for sharing communalities in terms of labor market data. However, particularly after the recent crisis of 2008 Italy starts to have different aptitudes than other three. Despite the fact that some other countries like France get closer to these four countries in some cases, still they don't share enough similarities to form an alternative group. Therefore the membership of Italy to this specific Welfare Regime group is still valid. After all, it should be underlined that looking at the labor market characteristics of the group; the most typical feature is high rates of youth unemployment without any exception.

4.2 Comparison of Social Protection Data

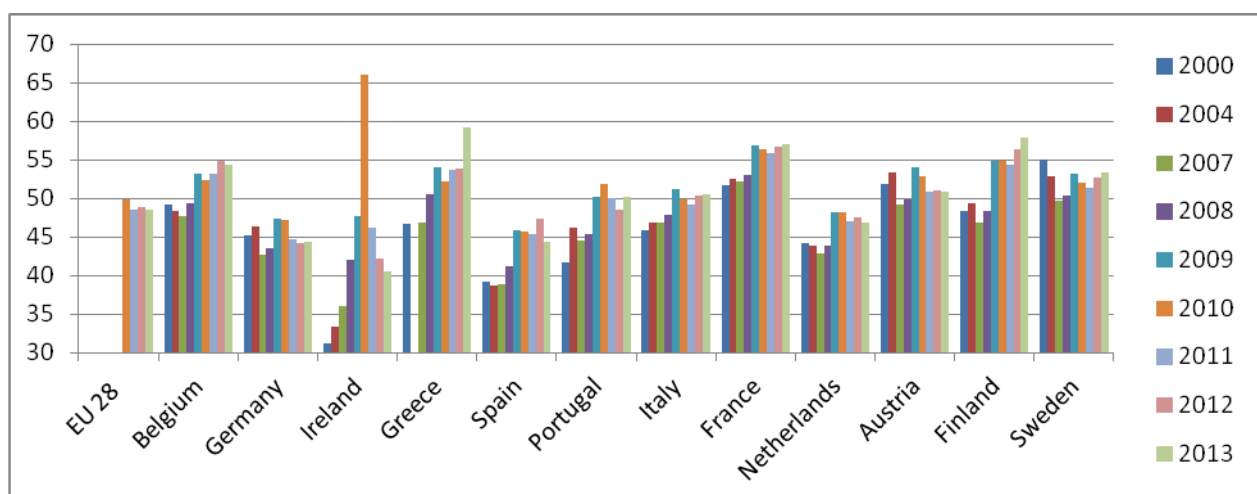
In the second part of the data comparison, the indicators which are related to the social protection theme will be analyzed. This part is divided into four different titles which respectively are health sector, pensions, unemployment benefits and public debt. In each title various indicators which would help to interpret the comparison will be observed.

Before starting the first title, it is better to look at the social spending data of the all countries. Knowing that this data is not sufficient to have an idea about the social protection systems of the countries, it is still one of the basic indicators that can give us brief information about the subject.

Graphic 4.5 reflects the public spending of each country in terms of percentage of GDP between 2000 and 2013. According to the graph, majority of the countries have same type of progress except Ireland. Particularly between 2008 and 2009 most of the countries' public spending has increased in terms of percentage of their GDP. Looking at the Spanish data, this increase can easily be seen however this rise stops in 2013. Additionally public

spending levels throughout the period do not exceed 50% in Spain. Portugal, Italy and Greece have more similar patterns. Until the crisis, the percentage of public spending does not exceed to 50% (even it doesn't get closer in Italian and Portuguese cases) but with the impact of the crisis it increases until the half of the whole GDP in three countries. In Greece, this increase is even more radical by reaching 55% and even 60% in 2013. The Netherlands and France also show the same leap but reaching higher percentages than Southern countries.

Graph 4.5 :Public Spending (percentage of GDP)



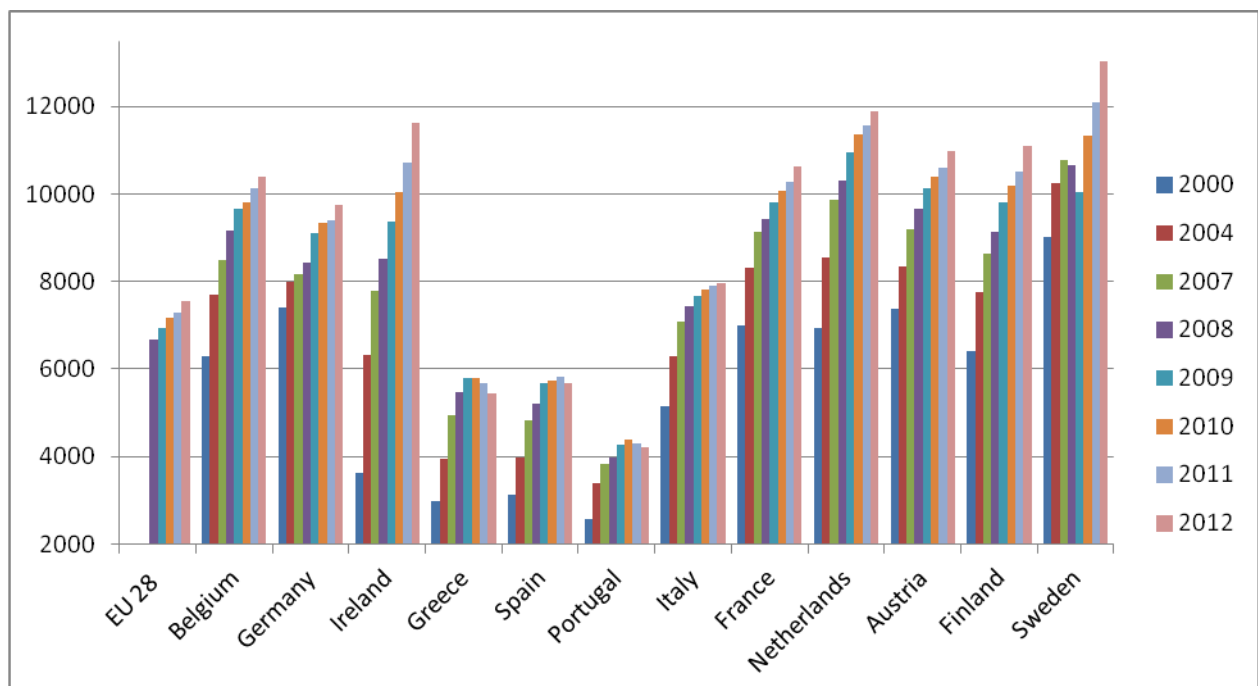
Source: Eurostat & OECD

The increase in the public spending as percentage of GDP can be interpreted in two different ways: social public spending increases relatively more than an increase in GDP or a decrease in GDP which causes an increase in the ratio. In the southern countries' case, particularly in Greece and Spain, it is possible to relate the change in the graph 4.5. to the second type of interpretation.

In the following graphic, graph 4.6, another indicator of public spending is observed. Public spending per capita in current prices is another variable in which we can see a significant

similarity between Spain and Greece. Two countries don't only resemble in terms of public spending per capita in Euros – around 5000 Euros- but also in terms of the evolution of the variable during the period (period is considered between 2000 and 2012. The data of 2013 was not available). In addition to that, Portugal as the country with lowest level in public spending per capita, has a similar tendency with Spain and Greece. On the other hand, in terms of this variable Italy is the divergent country among the Southern countries. It doesn't show common features with the three others. Different from them, Italian public spending per capita doesn't stay under the European average and from 2007 exceeds it. However when it is compared with the rest of the European countries, it doesn't resemble them neither.

Graph 4.6: Social Public Spending per capita (in current prices)



Source: OECD

It has to be mentioned that, decrease in social public spending per capita in current prices after a stability period reflects a monetary change in the social public spending that each

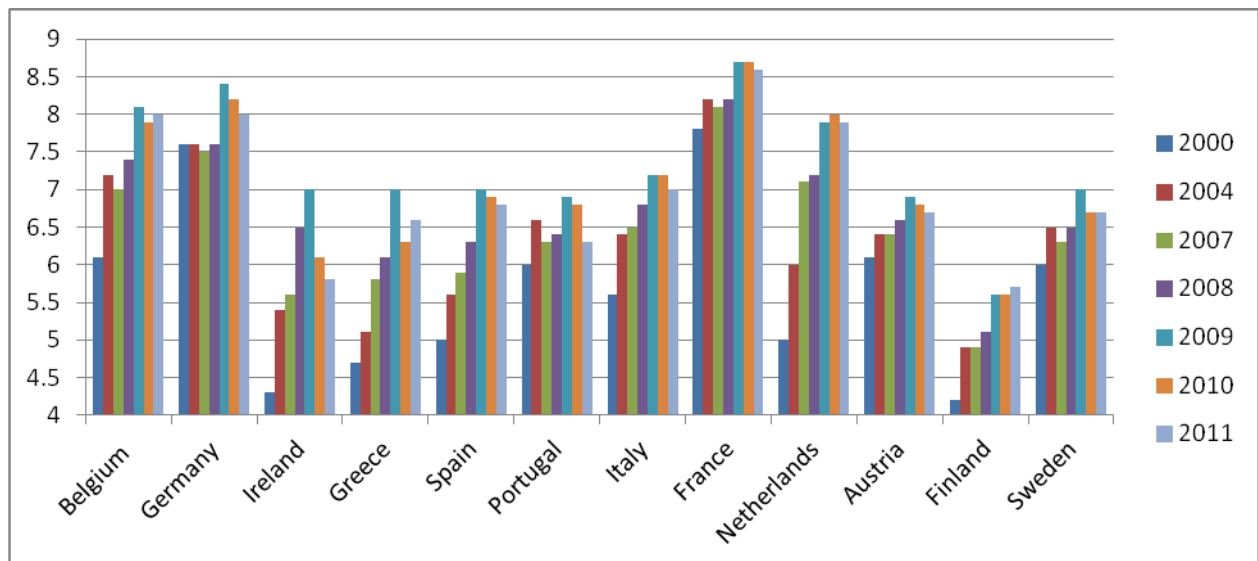
person receives. It is possible to comment that the impact of the austerity policies that have been implemented during the crisis in Greece, Spain and Portugal is reflected in this graphic and the grouping of those four countries are not deteriorated.

4.2.1 Health Sector

In the first section of the social protection part, two indicators of the health sector will be analyzed.

The first one is the public spending in health. The percentage of public spending in GDP which addressed to health sector is shown in graphic 4.7. and a brief grouping between four Southern European countries can be observed. Increase in public health spending in Greece, Italy, Spain and Portugal from 2004, reached almost 7% of GDP in recent years. Also in all of the four countries, in 2010 and 2011 there is a common decrease in the very same indicator. This decrease supports the interpretation that we did in the previous graphic. In 2010 and 2011, as a result of austerity policies, all of the four countries reduced their health spending which is the main sector in the contribution to total social public spending. Therefore they still form a group between them. On the other hand, other observed countries are separated from Southern four as they have different levels of public health spending or they follow distinct processes during 11 years period.

Graph 4.7: Public Social Spending in Health Sector (% GDP)

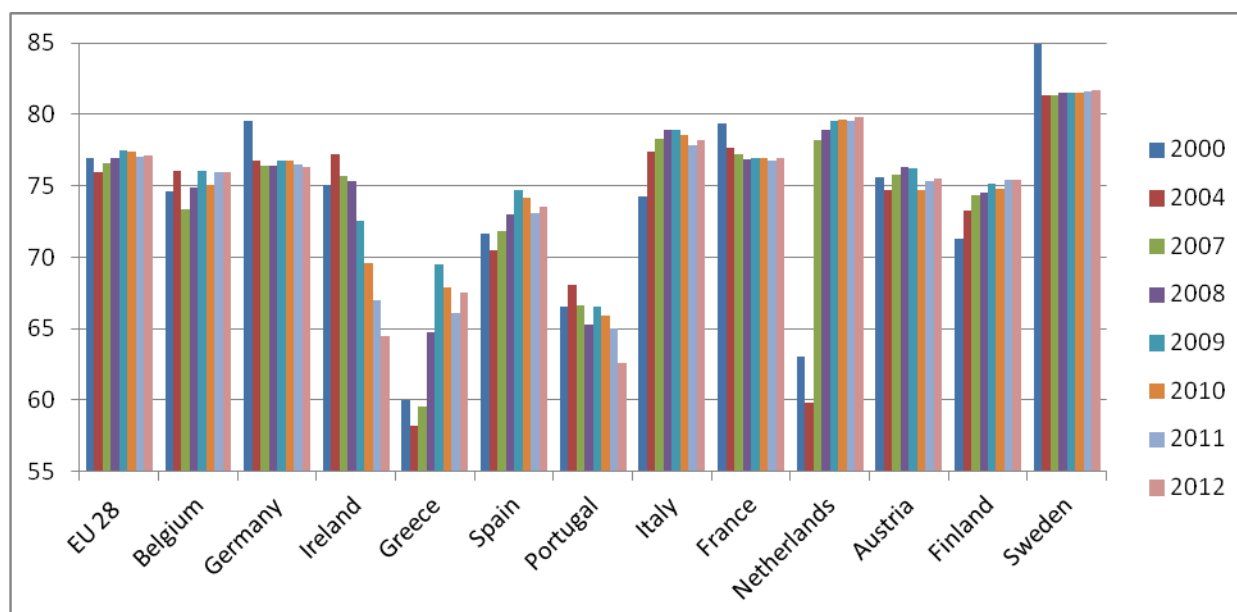


Source: OECD

The second indicator related to Health Sector is the percentage of public health spending in the total health spending which includes both public and private. Through this indicator, it is possible to observe the importance of public spending in whole of the sector and also to evaluate the tendency for privatization in European countries. (Graphic 4.8)

However by analyzing this indicator, it is not possible to talk about a specific characteristic that are shared by Southern Europe. Spain and Italy resemble as the dominance of public sector is obvious; for covering more than 70% and in addition to that it has an increasing tendency (although there is a little decrease in 2012). On the other hand, Greece's line is fluctuating. Until 2008, it has a stable process however on the very same year line for public sector makes a radical leap and in 2009, a second jump is experienced. At the end of those two jumps, the public sector participation in the health sector increases 10% and it reaches to 70% from 60%. In Portugal as the fourth country of the group the public sector leaves the floor to private. There is a decreasing tendency and in 2012, the public sector percentage in the total health spending diminishes until 60%.

Graph 4.8: The percentage of Social Public Health Spending in the Total Health Spending (including private and public)



Source: World Bank & OECD

4.2.2 Pensions

As it was mentioned in Chapter 3, there are two basic indicators which reflect the coverage level of the pensions. Looking at the first and the second beneficiaries' coverage data, it is possible to comment about various things. The first coverage- which calculated the ratio of the beneficiaries of the contributive old age pensions to the population over 65 years- does not indicate a clear grouping between Southern countries. Spain has the least coverage of contributive pensions in terms of the first type of data. In addition to that Belgium, as being one of the countries that does not so many similarities with the Southern counters, has a similar level of pension coverage with Spain. On the other hand, Portugal and Italy have the one of the highest coverage ratios among all European countries.

The countries' relative positions don't change that much in the analysis of the second type of coverage which calculates the proportion of the beneficiaries of the contributive pensions

not only the old age but all (also including survivors and disability) to the population total.

This time, instead of Spain, Ireland becomes the country with the least level of coverage but

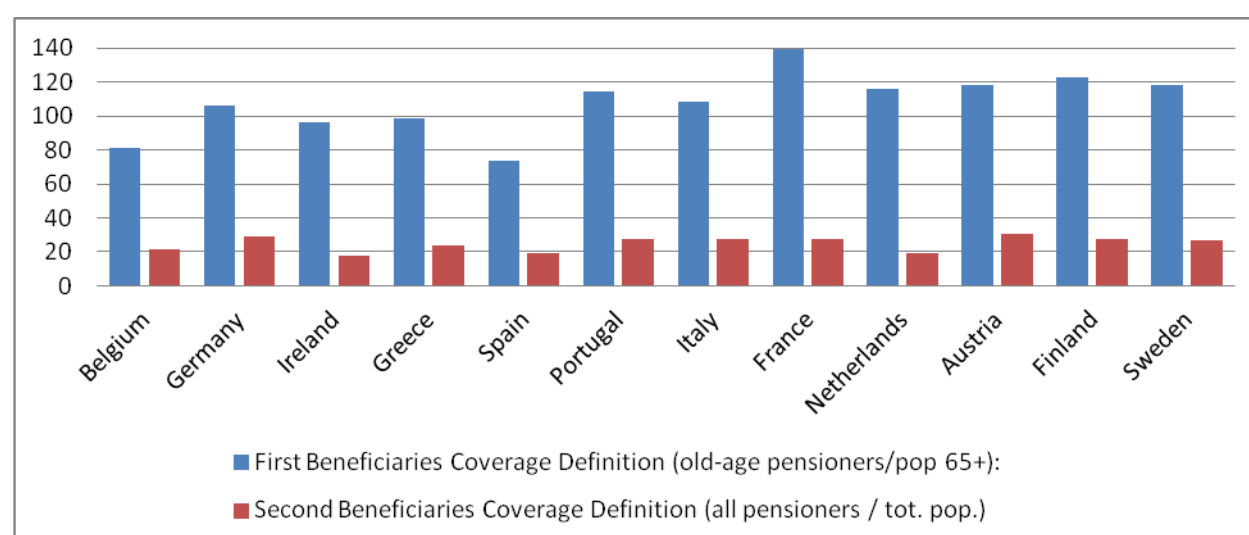
Spain is still located behind of other tree, for not surpassing 20%.

To sum up, looking at the both type of coverage data, we can't claim the existence of the

Southern group. On the contrary, generally what can be deducted is the resemblance of

Italy, Portugal and Greece to Germany, France and Austria.

Graph 4.9: The percentages of the first and the second beneficiaries' coverage of the pension Systems in 2010 (2010 is selected due to the data restrictions)



Source: World Bank

4.2.3 Unemployment Benefits

Previously, we have used two indicators - Long Term Net Replacement Rates (more than 12

months) with social assistance and housing benefits included and excluded- to make an

analysis about unemployment benefits. Now to compare European countries on the same

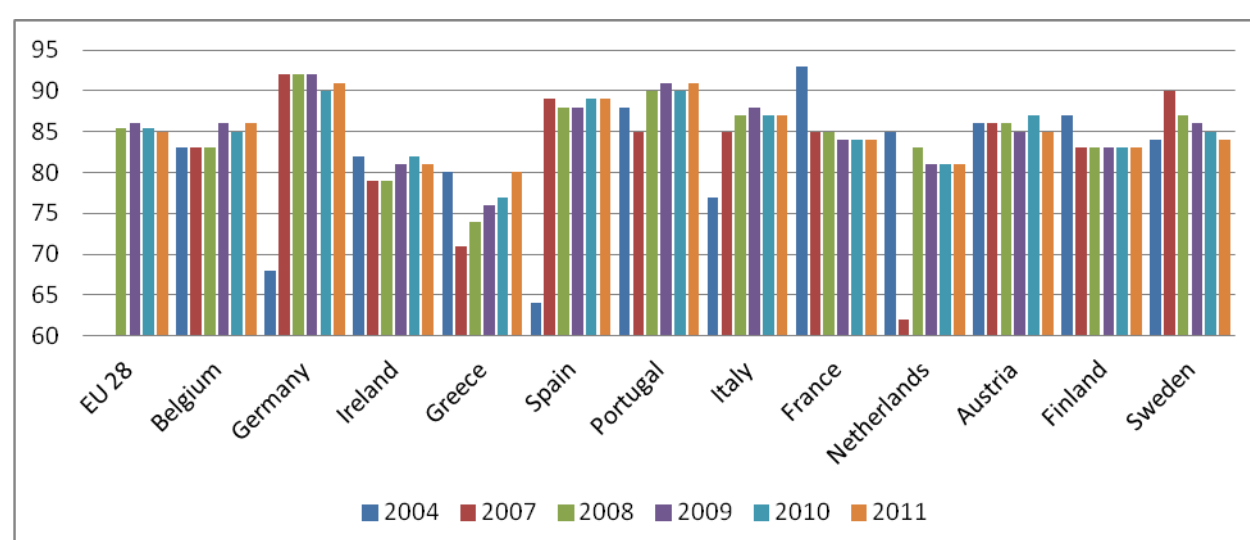
line, we will be using the same indicators. However as it doesn't give us significant different

results, this time we will not be using Replacement Rate II which includes social assistance

and housing benefits. Instead of it we will make another kind of comparison which will

depend on the comparison between Net Replacement Rates in the initial period of unemployment period (less than 12 months) and Long Term Net Replacement Rate excluding the social assistance and housing benefits. In addition to that, it is important to mention again that in this study, considered Net Replacement Rates are calculated for households with two children and in which there are two people working (generally in which both parents work).

Graph 4.10: Net Replacement Rates (In the initial period of unemployment)

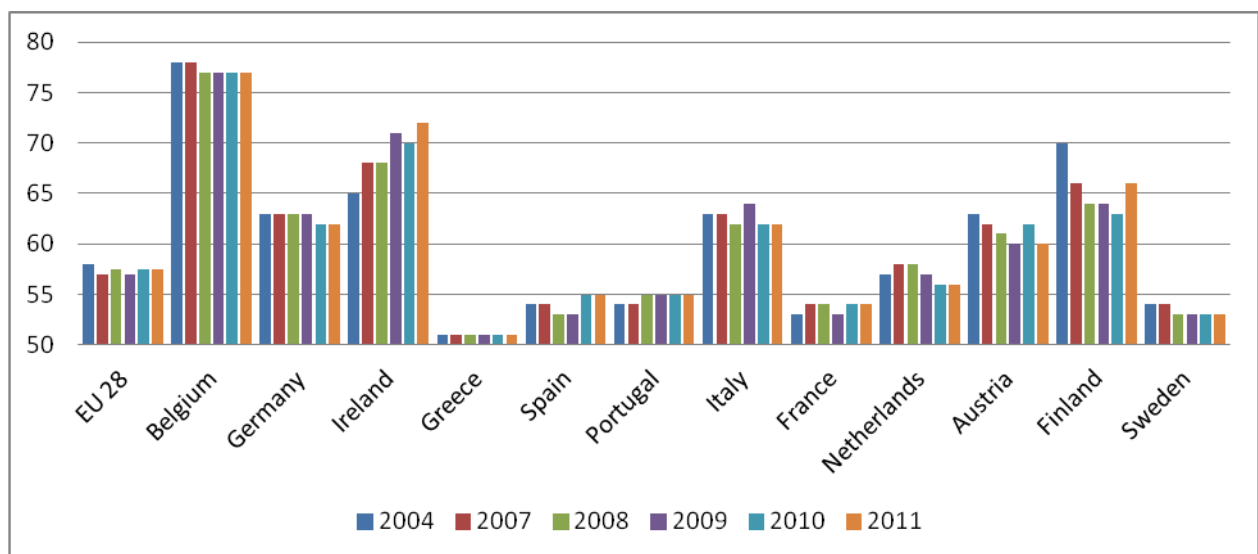


Source: OECD

In graphic 4.10., we compare the initial phase of unemployment in European countries in terms of net replacement rates. Rates vary between 60% and 93% and the clusters among countries are not so clear. One of the deductions may be that Portugal –except 2007- shows one of the highest levels of net replacement rates in the initial period of unemployment in Europe and likewise Germany it exceeds 90%. Spain follows it with 87% as the average of the last six years. Although the rates change a little, it is also possible to deduct that Italy also has similarities with Spain. Greece as the exceptional country does not have any communality not only with other three Southern countries but also with the rest of Europe.

As a result, although Italy, Portugal and Spain get close to each other, it is not possible to talk about a Southern group because the majority of the European countries don't have peculiar characteristics but a common tendency.

Graph 4.11: Long Term Net Replacement Rates



Source: OECD

In terms of long term net replacement rates, contrary to the previous graph, countries of South Europe – except Italy- form a group between them for having low rates. However Italy has relatively higher levels of long term net replacement rates and it resembles to Austria and Germany. On the other hand, the rates of Spain and Sweden, around 54% approach to Mediterranean countries.

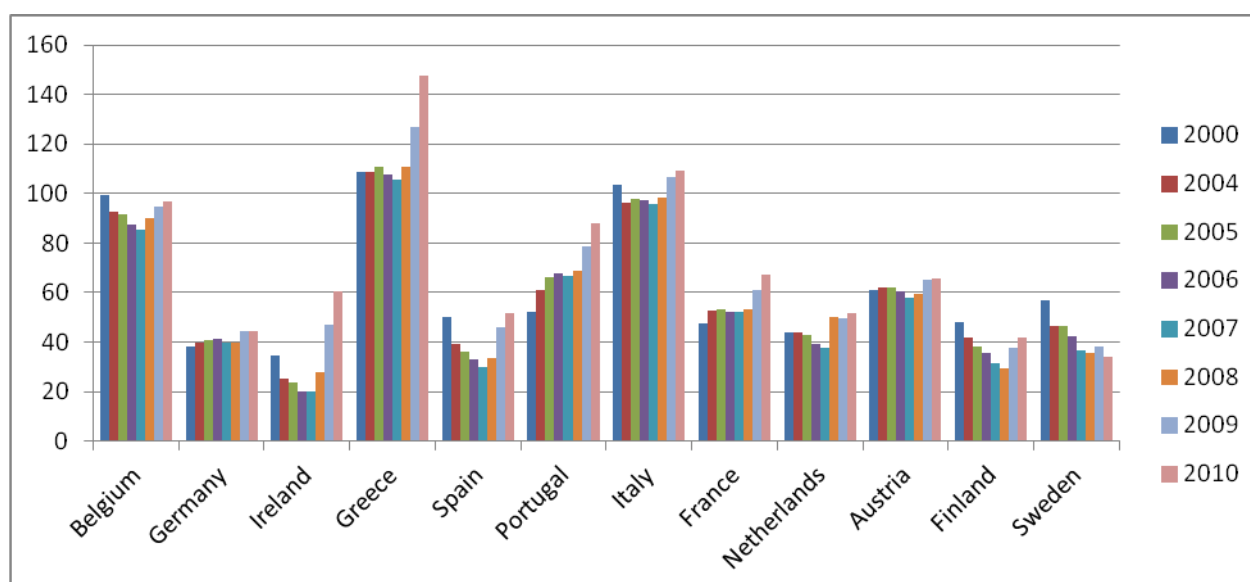
The resemblance in terms of the last indicator during the period between 2004 and 2011 give us information about the change – decrease- in the net replacement rates after the initial phase of unemployment. We can claim that although the Southern countries of Europe look like to the rest of the continent with higher levels of net replacement rate in the initial phase of unemployment, in long term they diverge from them as they experience

relatively higher decreases. To sum up, Italy, Greece, Portugal and Greece are similar countries both in short and long term unemployment.

4.2.4 Public Debt

Last indicator that will be mentioned in this part is the public debt in percentage of GDP. Neither it is possible to create groups among European countries by looking at public debt's percentage. Each country of Southern Europe has experienced distinct processes during 10 years. Spain is the country with relatively lower public debt and also its tendency was a decreasing one until 2009. Although in that year country experiences a radical jump in terms of this data, it still doesn't share same characteristics with the other three countries. In the very same year, Portugal also increases its public debt from 60% to 85% of GDP and slightly it gets closer to Italy. However Greece with massive imdebtness, aproximately 150% of GDP, it doesn't only diverge from the Southern group but also from the rest of Europe.

Graph 4.12: Public Debt (% of GDP)



Source: OECD

Comparing them with the rest of the European countries included in this analysis, the grouping is clear. None of the countries, -except Belgium and the last two years of France and Austria- exceeds 60% of public debt in the last decade. The high level of public debt that Southern countries have; particularly Italian and Greek ones- is totally a different phenomenon for them. However looking at this indicator the interpretation we can make is that Spain resembles the rest of the European countries more than its southern counterparts.

4.2.5 Conclusion

In this part 4.2., the four different spheres of the social protection data are analyzed. Health sector, pensions, unemployment benefits and public debt are four chosen indicators that are included in our analysis to reflect the trends in the public sphere of a welfare regime. Before observing each indicator, a general look to public social spending was considered as the first step of this part.

Social public spending in percentage of GDP and social public spending per capita were observed. In both graphics, 12 EU countries' levels were gradually increasing until 2008. However from 2008 and 2009, the increases were more radical than previous years. This increase in the ratio is related to massive decrease in GDP rates as a result of the recent crisis. On the other hand, the decreases- particularly in the southern countries- were observed after 2010. It is also possible to explain this decrease by austerity policies that were imposed to those countries' economies.

Health sector is chosen as the first circle to look during the analysis. Two different indicators were used such as; the percentage of health spending within the total public one and the

proportion of public health spending within the total health costs. The first indicator gives an idea about the importance of the health within the public sphere and the second one is reflecting the importance of public within the health sector. Health spending's proportion is naturally a mayor one and it increases throughout the observed period and likewise the previous indicators, in southern countries, it decreased as a result of the austerity policies during the crisis. The second indicator is relatively more complex one. It does not indicate any grouping between 12 countries as each of them follows distinct trends. Portugal is the southern country with the highest proportion of private sector in health and looking at the evolution of the data, privatization is gradually increasing in the country. Greece made a huge jump in 2008 by increasing the predominance of public spending within the sanitary costs however with the crisis, this jump was followed by a major fall. It is also possible to interpret it from an opposite perspective such as interpreting this change in Greece by an increase in the privatization in the mentioned sector. On the other hand, Italy and Spain have more similar image with high rates of public spending and a gradually decreasing flow during the crisis.

Two indicators related to pensions are the first and second type of beneficiaries' coverage. The second type of coverage which reflects the ratio of total beneficiaries (old age, disability and survivors) to the total population gives us the information about the proportion of the coverage within the whole society. These rates around 20/25% do not give us a specific idea about the role of the social protection system as it also includes the one who are not in need of these benefits. However, the first type which covers the ratio of old age beneficiaries to the population over 65 years old is higher in Southern countries; even more than 100% in Italy and Portugal. It is possible to say that all the people who are in need of

old age pensions are covered by the system in Greece where the rate shows 100%. Additionally in Italy and Portugal, rates over 100% lead us to the existence of early retired groups.

Unemployment Benefits are considered as the last observed branch of the social protection system. Long term Net Replacement Rates and Net Replacement Rates in the Initial Period of unemployment are combined. In the initial period, naturally the rates are higher than the long term ones – except Belgium case. Initially, unemployment benefits cover almost 90% of the previous wages in 12 EU countries while only in Ireland and Greece the rates are lower around 80%. Yet in the long term period, the rates generally fall around 55%. Southern countries have the lower coverage around the average of 55%. Italian rates are little higher reaching to 60%. However the decrease between the initial and the long term net replacement rates in 12 countries can group countries into two; the ones whose rates fall around 30% and the ones with 40% rates. In other words, a specific characteristic of south is not so clear.

Lastly public debt levels particularly in 2010 are interesting. Two Southern countries; Greece and Italy have higher levels of public debt exceeding their total GDP respectively by %40 and %10. Portugal also has huge public debt comparing with the rest of the Europe. Spain seems more moderate in terms of this data and Belgium resembles Italy, Greece and Portugal more than the others.

To sum up, historically increasing public social spending interrupted by the recent crisis is a southern characteristic where health sector dominates most of that cost. It is also possible to say that – except Portugal- the health sector in south is mainly dominated by public and privatization policies still did not have a major proportion in this sector. However the trend

is towards cutbacks in public through enforced austerity programs and permitting private sector to be included into the sector. In terms of pensions and unemployment benefits, the coverage is minimum around 80% in all indicators which supports the presence of social characteristics of the state. However when we look at the public debt levels in Southern countries, we can comment about the funding problem of those social costs as they all have big public debt burden.

4.3 Comparison of Household Data

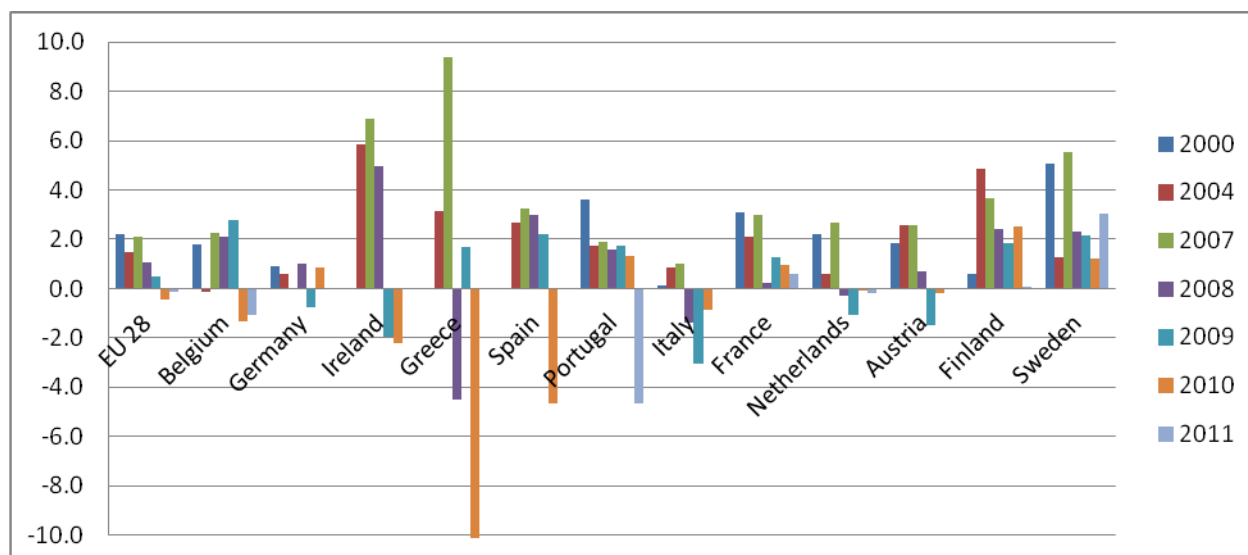
The data that is chosen to compare the households are real disposable income, annual average wage in constant prices of 2013 dollars, real minimum wage in dollars, household debt in percentage of net disposable income, household savings in percentage of net disposable income, income inequality in terms of GINI coefficient and in terms of decil rates P90/P10, P50/P10 and P90/P50 and lastly, poverty rates and gaps.

4.3.1 Real Disposable Income of Households

Growth rate of the real disposable income of households of different countries that are selected among 15 countries of European Union is the first indicator of this part's comparison. Four countries of South Europe Mediterranean countries reflect negative values in 2010 and 2011 (data for 2011 is not available for all countries). Through the rest of the countries that are included in the analysis, Ireland and the Netherlands also shows decreasing real disposable household income. However looking at the evolution of the growth rates, the Netherlands has a distinct tendency and Ireland resembles to Southern countries. It is possible to say that there is communality in terms of growth rate of real disposable income between four Southern countries and in addition to them it is also

possible to comment that the Netherlands and Ireland share the likely characteristics with them.

Graph 4.13: Growth rates of Real Disposable Income of Households (%)



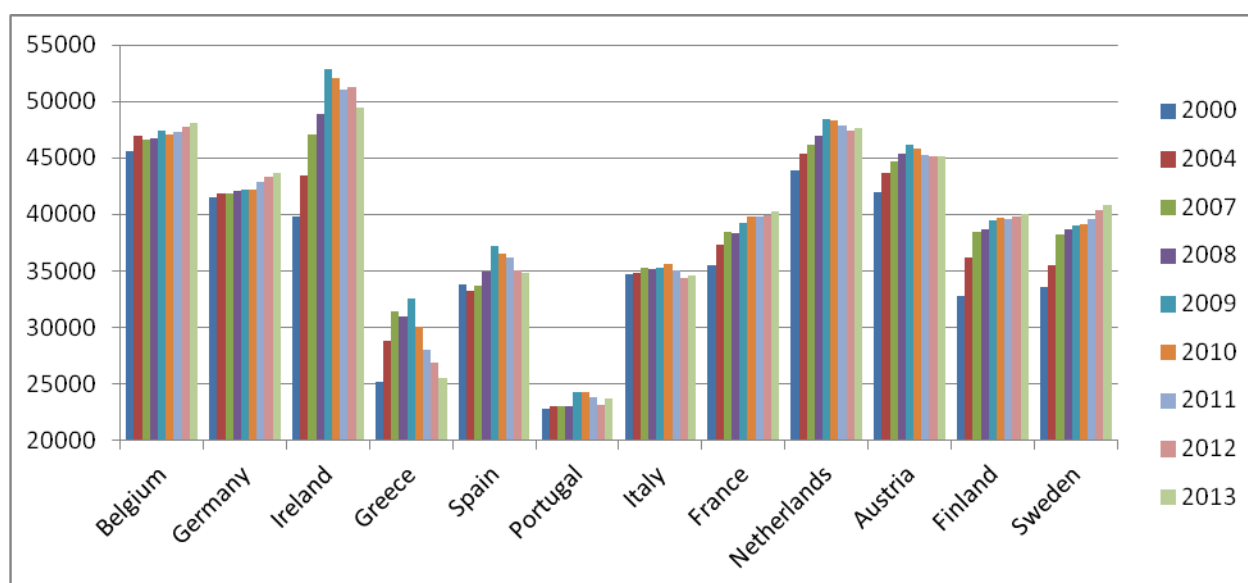
Source: OECD

4.3.2 Salaries

To make a salary analysis, two indicators such as annual average wage and real minimum wage are taken into consideration. Bars of graphic 4.14 give us an image for annual average wages in constant prices of 2013 dollars. As it is reflected there, the four countries of Southern Europe and also Czech Republic and Hungary are countries with low levels of annual average wages. Ireland as the country which shows the most similarities with Southern four depending on the majority of the previous indicators, this time not even gets closer to them.

Among those four, Portugal stays a little bit out of the group as it has relatively even lower levels than the three others. However by including all European countries and by observing their tendencies, it is still be included to the group with Italy and Spain.

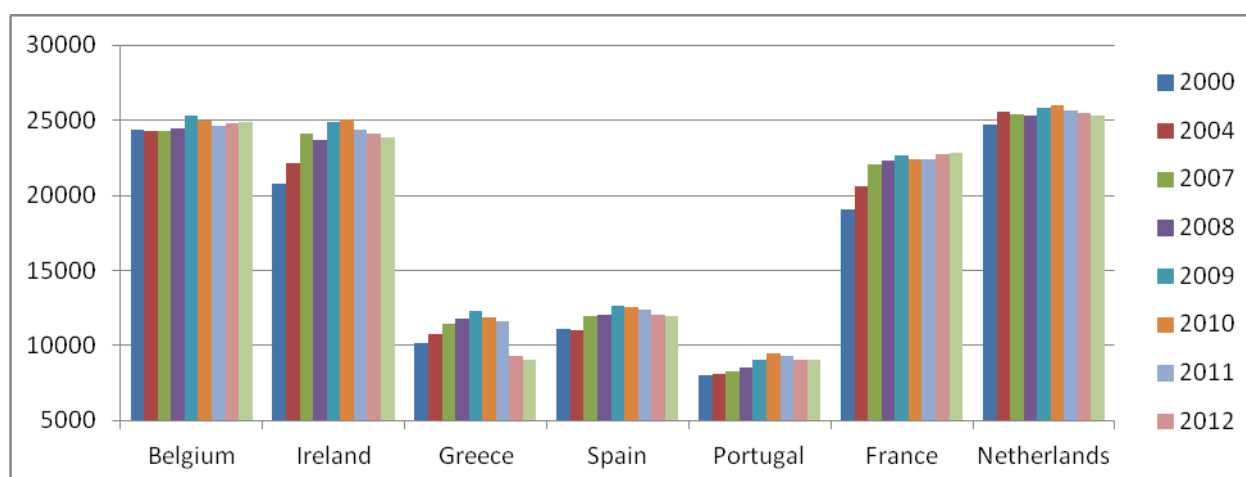
Graph 4.14: Annual Average Wages in constant prices (2013 dollars)



Source: OECD

The second graphic refers to real minimum wages in the selected EU-15 countries however for this indicator it was not possible to find data of some of the countries. One of the most important missing countries is Italy as OECD's database doesn't contain information of this data for Italy. For this reason, we consider three countries; Greece, Spain and Portugal as the representatives of the Southern European countries. Likewise the previous graphic, Greece, Spain and Portugal are countries with lowest level of real minimum wages. However, all three of them follow the similar tendencies at same levels. Only in the Greek case, in 2012 and 2013 there can be seen a radical decrease while Spain and Portugal did not experience such significant reduction. However it doesn't prevent us to group them.

Graph 4.15: Real Minimum Wages (in dollars)



Source:OECD

4.3.3 Household Debt

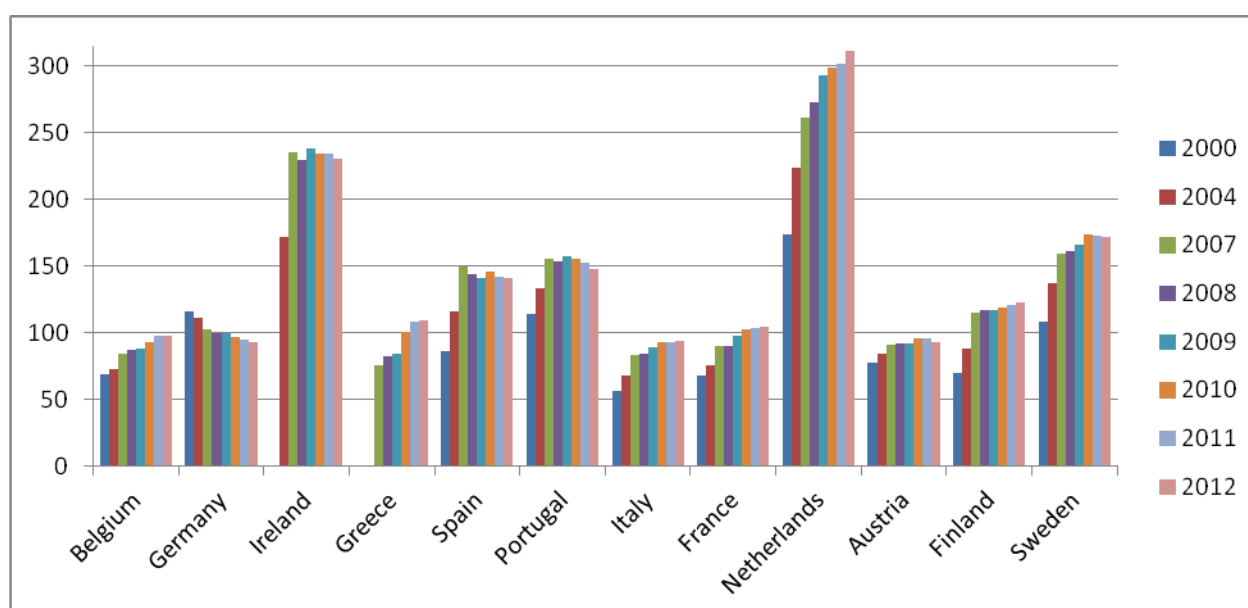
This third part tries to disclose the conditions of households in selected countries. Household debt and saving in percentage of net disposable income are two data that will be mentioned here.

The growing attitude of household debt in percentage of net disposable income is one of the main common characteristics of the four Southern countries. Additionally, except Italy, three countries' household data exceed 100% of their net disposable income. Comparing them with the other EU countries, the formation of a peculiar group among South of Europe is clear. Repeatedly, Ireland places itself totally further from four countries and on the other hand Finland and Belgium have more similar result, particularly to Italy.

Besides household debt, household savings reflect a totally different image. Greek data are not available for the savings but looking at Italy, Spain and Portugal; each country has its own characteristics. Italian households have a low level of saving in percentage of net disposable income while Portuguese household more than duplicate them particularly in

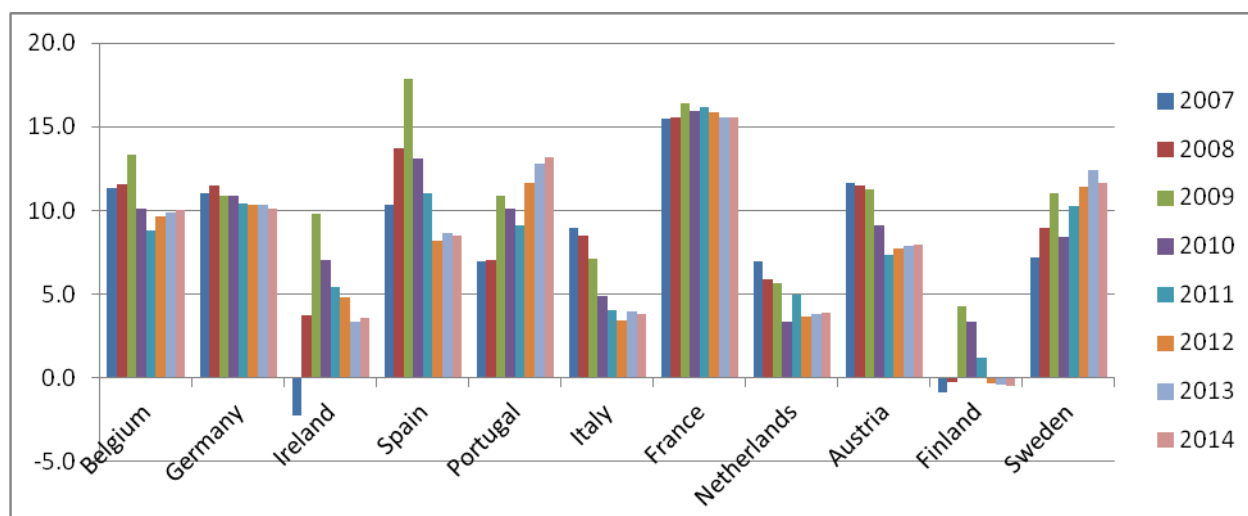
2012, 2013 and 2014. The most crucial thing is that increasing tendency of Portugal is totally contrary to Italy and Spain. Portugal is the country with highest percentage of savings among Southern countries – except 2009- and it is the only one with an increasing tendency from 2011. According to the OECD data, the Portuguese households started to save more starting from 2012.

Graph 4.16: Household Debt in percentage of net disposable income (%)



Source: OECD

Graph 4.17: Household Savings in percentage of net disposable income (%)



Source: OCED (Data for Spain, Portugal and France reflect the gross household savings in percentage of net disposable income)

4.3.4 Income Distribution and Poverty

Income distribution is one of the major subjects related to households. In addition to that, the various data of income distribution are the main indicators of a clear grouping between four Southern countries.

Table 4.1: Income Distribution (End of 2000's)

	GINI Coefficient		Decil Ratio P90/P10		Decil Ratio P90/P50		Decil Ratio P50/P10	
	Level	Ranking	Level	Ranking	Level	Ranking	Level	Ranking
Belgium	0.26	6	3.3	11	1.7	6	1.9	16
Germany	0.30	15	3.5	15	1.8	14	1.9	14
Ireland	0.29	5	3.7	7	1.9	5	2.2	8
Greece	0.31	18	4.0	19	2.0	21	2.2	21
Spain	0.32	22	4.6	25	2.0	20	2.3	26
Portugal	0.35	29	4.9	28	2.3	31	2.2	24
Italy	0.34	27	4.3	23	2.0	27	2.1	18
France	0.29	12	3.4	14	1.9	17	1.8	7
Netherlands	0.29	14	3.3	12	1.8	13	1.9	12
Austria	0.26	9	3.2	9	1.8	9	1.8	8
Finland	0.26	8	3.2	7	1.7	5	1.9	10
Sweden	0.26	7	3.2	8	1.7	4	1.7	1

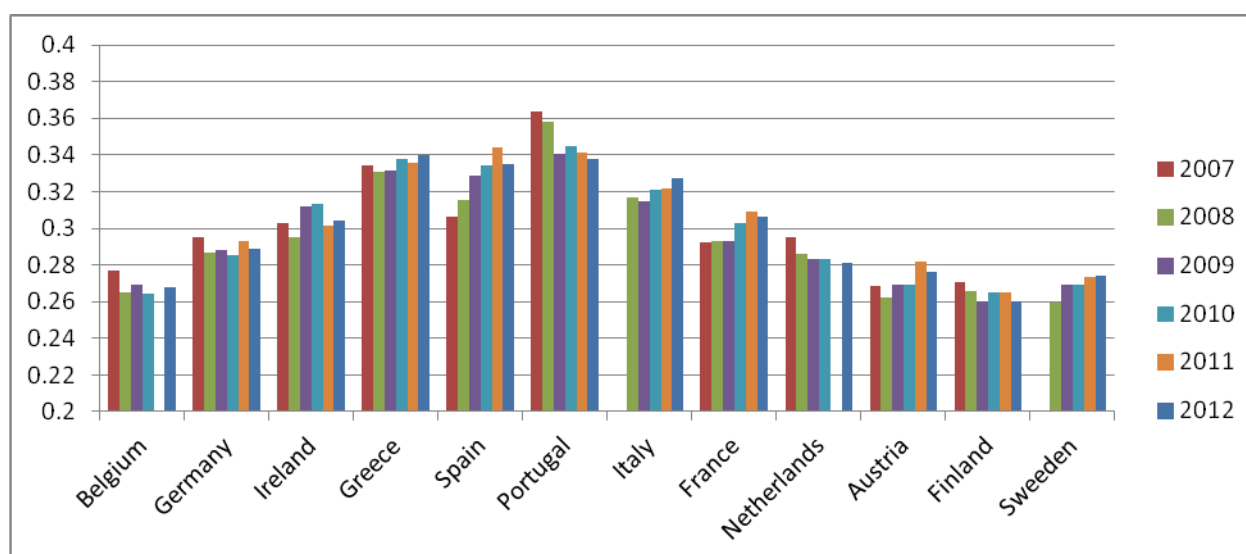
Source: OECD

Looking at the income distribution table based on OECD database, four Southern countries are listed almost successively in each measurement type. In the column for GINI coefficient, Greece has a ranking of 18, Spain 22, Italy 27 and Portugal 29. According to this information, Portugal is the country in which more income inequality can be observed not only among four countries but also 12 EU countries.

On the other hand, decil Ratio of P90/P10 reflects the relation between 10% of the population with highest level of income and the first decil - which is 10% of the population with lowest income level. The ranking doesn't change so much. Greece, Spain, Italy and Portugal still follow each other with high levels of inequality and as the highest ones among 12 EU countries. Additionally, Portugal continues to be the leading country in terms of income inequality. The situation changes in decil ratio of P50/P10 which reflects the ratio of medium income of the population to the first decil. Spain becomes the most unequal country in terms of income distribution according to P50/P10.

As a result, it is possible to say that among 12 EU countries that are included into this analysis, Portugal is the country which has the biggest gap between the richest and the poorest levels of the population and on the other hand, Spain is the country in where it shows highest income inequality between medium income and the poorest part of the society.

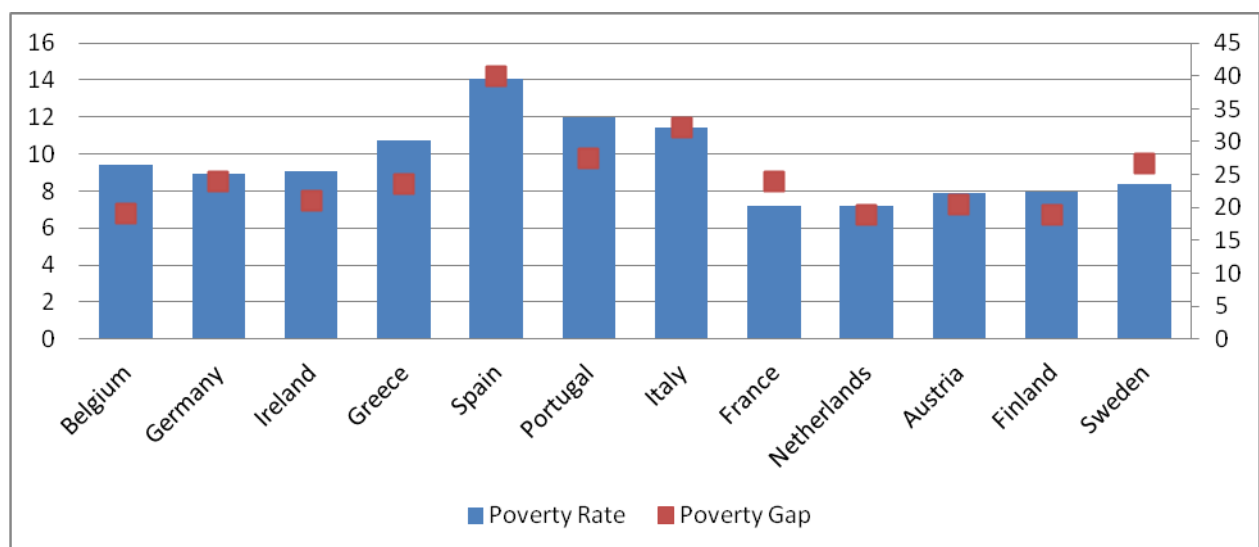
Graph 4.18: GINI Coefficient



Source: OECD

Graphic 4.18 is added to see the historical process of the GINI coefficient between 2007 and 2012. The impact of the crisis can be seen clearly particularly in Spain. The continuous increase of GINI coefficient starting from 2007 indicates a growing inequality in income distribution. This increase is not so radical in Greece however it is because Greece has not experienced a recovery process in income distribution in the pre-crisis period. Divergent case is Portugal which gets better GINI results after the crisis. However, although Portugal's GINI improves, likewise Greece, as it has higher levels of inequality before crisis, it can't place itself in better position than Spain, Greece nor Italy. It has to be mentioned that, in 2013 Spanish and Portuguese GINI coefficients stop increasing and reflect a recovering situation. To sum up, for having GINI coefficients around / more than 0,3; four Southern countries diverge from the rest of the Europe.

Graph 4.19: Poverty rate (%) (left axis) and poverty gap (%) (right axis) in the end of 2000's

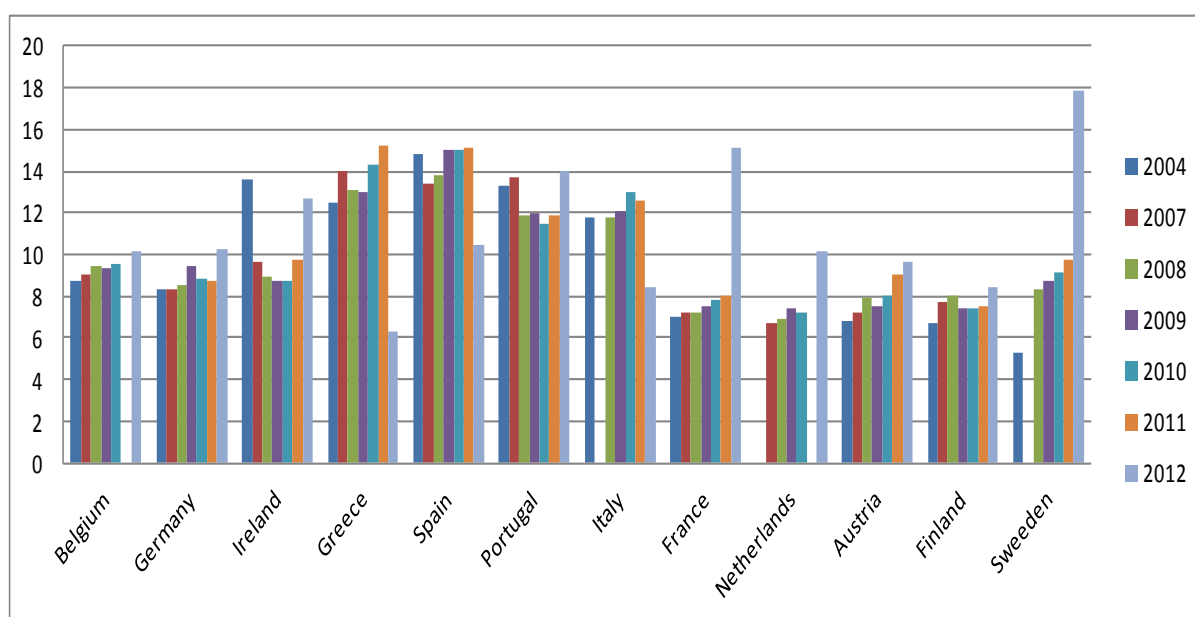


Source: OECD

In graphic 4.19, two indicators are both being reflected; poverty rate and poverty gap. OECD defines poverty rate as “...the ratio of the number of people (in a given age group) whose income falls below the poverty line; taken as half the median household income of the total population.” (OECD (2015), Poverty rate (indicator). doi: 10.1787/0fe1315d-en (Accessed on 10 August 2015). According to OECD data, Spain has the biggest poverty rate (left axis) among included countries in the end of 2000's and the formation of the Southern European countries' group in terms of poverty rate, can clearly be seen likewise the income inequality table.

Poverty gap data (right axis) reflects a distinct situation and this time the similarity between four is not so clear. Spain still stays as the primary one with the highest level of poverty gap and Greece, Portugal and Italy still have high results. However Norway with 33,6% approaches to Italy (32,2%) and Spain (40%). Meanwhile Greece with 23,6% has a level closer to Ireland (21,2%), Germany (24%) and France (23,9%).

Graph 4.20: Evolution of Poverty Rate



Source: OECD

Lastly, the historical evolution of poverty rate can be a significant indicator to see the impact of the crisis over poverty. Looking at its tendency, low poverty rates of 2007 and 2008 are replaced by high rates of 2009 and 2010 as a characteristic of the crisis period.

4.3.5 Conclusion

According to the objective of the part 4.3., the data are chosen to be able to make a comparison of household conditions. Respectively looking at the growth rates of real disposable income, countries of South Europe show low growth rates – even negative- in last years and it was possible to group them specifically, even including Ireland for sharing similarities in the rate's tendency. As the second one, all of the four countries have relatively lower annual average salaries in constant prices but with increasing tendencies. Portugal has slightly lower levels than Spain and Italy but their tendencies match. On the other hand, Greece has a distinct tendency than three Southern countries but level of annual average salaries get closer. Third indicator was minimum wage and repeatedly, the grouping was

clear. Low minimum wage with increasing tendency until 2012 and a reduction in 2012 and 2013 is a common characteristic of them. Household debt in percentages of net disposable income in Spain and Portugal resembles; increasing tendency particularly after 2007 reaching 150% of their net disposable income. Greek households have relatively lower level of debt and also Italian ones don't exceed 100%.

Data for household savings in percentage of net disposable income is the most inconsistent data to talk about the possibility of a Southern group. Each country has its own peculiar tendency and other close countries -for instance Ireland- neither approach to them. However continuing with the income distribution in terms of GINI coefficient and decil ratios of P90/P10, P50/P10 and P90/P50, they return to fit the group criteria particularly by having successive rankings in terms of above mentioned measures.

With the data for poverty rate and poverty gap, we terminate this part. High poverty rates, consistent with the income distribution inequality data, is a characteristic that belongs to South European group and they all have close results. On the other hand, poverty gap data doesn't reflect that convergence.

In conclusion, household data permits us to interpret that; although Spain, Italy, Greece and Portugal show some divergences in some of the cases; it is still possible to talk about a grouping between them for having major similarities. Also, comparing them with the rest of Europe, there appears the peculiar characteristics of the group; with relatively low growth rates of real disposable income, low annual average salary, low minimum wage, increasing household debt in percentage of net disposable income and high rates of poverty rate with relatively high income inequality.

SECOND PART

The second part of this study focuses on the basic question of this work, which is formulated around the question of “Can Turkey be included in the Southern European Welfare Regime?” This part is divided into two chapters which will give a detailed explanation on the framework about the fundamentals of the Turkish economy and the evolution of the Turkish welfare state. The historical periodization of the Turkish economic history is done according to the significant turning points in terms of changing perceptions of the concept of welfare.

In the first chapter of this part; Chapter 5, it is possible to see a descriptive historical illustration of the Turkish economy, starting from the founding years of the Turkish Republic up until today. In the second chapter; Chapter 6, the Turkish Welfare Model (TWM) is studied with the help of some data analysis. The impact of the recent Social Security Reform over different circles of the Turkish economy is investigated to highlight the divergence in the welfare path of Turkey.

5 FUNDAMENTALS OF TURKISH ECONOMY: TURKISH WELFARE STATE

In Chapter 5, I aim to provide necessary information about the fundamentals of the Turkish Economy; particularly about the Turkish welfare state. Here we consider the importance of the welfare concept and its evolution from Turkish political economy perspective. In this chapter I argue that a comparison of statistical data would be meaningless without understanding the basis and the processes of what is known as the Welfare State. To be able to comment about the variables, it requires profound knowledge about the context that they play significant role in.

This chapter is divided into three parts. The first part examines the process of the Turkish economic history until the last decade. The periodization of almost 80 years of the history of the republic is organized according to the changes in the perception of welfare and the Turkish practices. In the second part, the last decade of Turkish economy is considered to be the main focus. The consecutive governments of the Justice and Development Party (AKP) period are main actors of the period starting from 2002 until 2014; therefore it is appropriate to define the second part as AKP's perception of Welfare in the last decade. Finally, the third part is the conclusion in which the evolution of the Turkish Welfare is summed up and permits to exceed to the next chapter that includes a data analysis which supports the historical description of Chapter 5.

5.1 Turkish Political Economic History In Terms of Welfare Policies: An Historical Illustration of Turkish Welfare System from Founding Years until 90s

In this chapter, the characteristics and particularly the peculiarities of the Turkish welfare state are investigated. The formation and the evolution of the welfare state in Turkey depend on the Turkish historical circumstances and the process of capitalist recovery of the Turkish economy. Therefore most of the characteristics of the late-industrialized countries in the period of integration with the world economies also exist in the Turkish case. However, on the other hand, Turkey's path in transition to a capitalist economy has a different characteristic from Western counterparts. Those diversities affected the formation of welfare state which is defined as main actor in the provision of welfare.

The periodization of O. Topak (Topak, 2012) in his book called "Refah Devleti ve Kapitalizm" (Welfare State and Capitalism) is accepted as the most appropriate one for this study. This type of periodization of the Turkish economy which is based on the changes in Welfare Regime divides the Republican History starting from the last years of the Ottoman Empire and ending in the end of 80s, into six major periods. The first period will consider the Ottoman welfare characteristics which is important to understand the base of the Turkish Republic's welfare perception. In the second period, the founding years until the Great Depression are analyzed. The attempts to create a capitalist welfare state and the impact of the 1929 Crisis over this process will shape the framework of this period. 30s will be considered as the third sub-period. During 30s, statist policies dominated the Turkish governments' agenda. The establishment of social public institutions, the re-formation of the legal framework and the industrialization plans outlined the period. The fourth term covers the Second World War period and its aftermath. Pursuit for a more liberal look in

welfare provision and the struggle against the economic, social and political circumstances are the main features of the era. The fifth course includes two decades between 1960 and 1980. Three consecutive Coup d'états (1960-1971 and 1980) which had influenced Turkish political economy profoundly determined the limits of this sub-period. The debates about time's international political economic trends and their impact on Turkish economy, particularly in late 70s, are discussed. The ultimate part analyzes the welfare state crisis of 80s and its national extensions in the Turkish case.

Each part will start with a general description of economic circumstances peculiar to the considered period. I will continue with the welfare concept in terms of institutional arrangements, legal arrangements and the traditional social welfare networks.

5.1.1 Ottoman Welfare Characteristics Before the Young Turk Revolution: Ahi Organization, Lonca's and Waqs

It is required to go back to the final years of Ottoman Empire to reflect the welfare perception in Turkish economy and the practices of its institutions during the founding years of the Republic. Therefore, the period which is studied in this chapter starts from the late Ottoman Empire years and ends in 1929 as it had been the year in which the world economies had suffered from a deep economic crises. In addition, late 20's also refer to the end of the implementation of some of the Lausanne Treaty requirements and the partially liberal economic policies.

The Young Turk Revolution of 1908 which is the beginning of the Second Constitutional Era of Ottoman Empire marked the late Ottoman period. I will start by focusing on the pre-1908 period in which new capitalist production schemes started to be formed in line with the world's capitalist system. These schemes include mercantilist primitive accumulation in

Marxist terms and “the Bourgeoisie Revolution Period” which followed the Constitutionalist Movements in the Empire. In addition to that, the forms of capital accumulation also were indicators of the capitalist transition.

From the political economic perspective, it is possible to say that in the pre-1908 period, the labor-based characteristics of the production which was mainly dependent on craftsmen enabled a widespread production. However, the tendency from “primitive” accumulation towards a mass accumulation and the political repercussions of this drift between different classes of the society; such as the declaration of the *Kanun-i Esasi* (Basic Law) and the foundation of the Committee of Union and Progress (*İttihat ve Terakki Fırkası*); fundamentally stamped out the period. During the First (1876-1878) and the Second Constitutional Era (1908-1920) the main obstacle against the creation of a national market was the Ottoman monarchy.

In the ultimate years of the Ottoman Empire, the emergence of some welfare institutions can be seen. Those institutions can be considered as representatives of the transition of the welfare concept towards a more capitalist understanding as opposed to feudal one in which welfare has been arranged through institution organized around more traditional values. This perception hindered the realization of a welfare regime by state institutions and placed state in an inferior position compared to other non-state welfare institutions. In this transition, not only the peculiar political, social, economic or legal procedures were decisive but also circumstances in the international arena and the center-periphery relations in the world system shaped the creation of the new welfare Institutions and regimes. It should also be underlined that some institutions such as family, religion and local communities remained their presence in the last years of the Empire’s welfare provision.

Looking at the welfare institutions of the pre-1908 period of the Ottoman Empire, two institutions stand out. These are some communities (*“loncas” craft guilds and Ahi organization*) and Waqfs. *Ahi* organization is a Muslim organism for merchants and craftsmen which was based on solidarity, ethics and morals. This organism was responsible of arranging, supporting and monitoring the activities of merchants and craftsmen in distinct Anatolian residential settlements. Raising new staff for the sector was also included in the organization’s duties.

After 15th century, *Ahi* organization left its place to craft guilds (*lonca’s*). The safe-deposit boxes (*teavün sandığı*) in the Ottoman Empire were created by them. These boxes’ very similar to the French Caisse system were covering guarantees against social risks increasingly became widespread. In order to gain access to the socials assistance certain conditions had to be fulfilled. The primary condition was to be in need. The masters and the apprentices who were in bad health or disabled and therefore incapable of working had access to the social assistance. Their families could also benefit from the *teavün sandığı* (safe-deposit boxes).

Another important institution was the Waqfs. They had an important role in the economic and social life of the Ottoman Empire. The state ought to provide public services such as education, health, social assistance and other municipal services through them. Statesman, especially the Sultan established various Waqfs and those Waqfs were supported by state through tax discounts. *Avarız Waqfs* and *Müessati Hayriye* were the significant ones which undertook the role of social aid.

However since the 19th century legal framework had changed and the Waqfs had faced with a reformation as a result of a capitalist transformation in the Ottoman Empire. With the

Tanzimat Reforms, State departed from its traditional position in the welfare provision. It put on a salary on poor people, founded hospitals (*Hamidiye Etfal Hastahane-i*), poorhouses (*Darülaceze*) and orphanages (*Darül-hayr-ı Ali*) for poor women and children.

In the center of the traditional social welfare networks, families had an important scope. Families were the place where any kind of the production and consumption took place. Solidarity between family members and the cash transfers among them created a protection system for against social risks for each member.

5.1.2 Late Ottoman Years and the Foundation Period of Turkish Republic (1908-1929): Emergence of the Capitalist Welfare State

The period between 1908 and the foundation year of the Turkish Republic; 1923 was marked with the intent to create a national capitalist market. However the transition could not be accomplished fundamentally due to several reasons. During final episode of the Ottoman Empire, its economy became financially dependent on the external dynamics densely which was the fundamental cause that brought about shifts to the social, political and legal perspectives. The significance of the control of the international capital and trends over Ottoman economy was undeniable.

The legal regulations of the recently found Turkish Republic were the continuation of the previous period. Since 1923, the regulations which could not be completed by Committee of Union and Progress before the Republic were taken as the basis of the new economy. It was planned to encourage and protect the national industrial sector while creating a financial / banking system which depends on international credit. In this context, *Teşvik-i Sanayi Kanunu* (law for the encouragement of industry) which provided a wide range of privileges to the capital and capital owners; reflected the steps taken for the concentration and

centralization of the capital that replaced agricultural and artisan production. However, weak industrial sector with a wide agricultural participation formed the production scheme of the time's economy. Unlike its Occidental counterparts, unqualified labor force, limited capital and incomplete capitalist mode of production led to the rise of crony capitalism. On the other hand, the impact of the Great Depression in 1929 upon newly established Turkish Republic has been severe.

During the transition from Ottoman Empire to Turkish Republic, there were some alterations in the legal regulation of the welfare provision. The existence of a capitalist market required control over labor force and some of these regulations consisted strict monitoring of workforce. *Tatil-i Eşgal Kanunu* (Ottoman Strike Law) which entered into force in 1909 had introduced some restrictions on union memberships and strikes. Alongside of these restrictions, the creation of a new social insurance system for the public workers that was mainly based on Bismarckian (German) model could be observed. Retired people from civilian and military institutions and their families also had place in the system. However, beside all of these regulations; generally the welfare was maintained by traditional community networks, families and religious institutions whereby until the First World War presence of the state had become significant.

In the post First World War period, the labor regulations were done separately for each sector. For instance, mining sector; specifically in Zonguldak and Ereğli, was subjected to various reforms. Different charity funds were established and they were combined under *Presidency of Ereğli Coal Region Workers*. The institutional adjustment that regulated the combination of mentioned charity funds were accepted as the beginning of the Social Security in Turkey.

5.1.3 The Statist Era; 1930's: The First Five Year Industrialization Plan and the Turkish Labor Act

During 30's, as a result of being a recently established economy, the attempt for an industrialization process dependent on private investment could not be fully achieved. In addition to that, deep recession in the World economies after the Great Depression had also adversely affected the Turkish Republic. As a result of all of the conjuncturel circumstances of that decade, State intervention in all spheres of the economy has become inevitable. This was not only the case in Turkey but also in all of the similar economies where raw materials were exported in return of the import of industrial products. Raw material prices had fallen more than the decline in industrial product prices and it caused a decrease in the demand of the latter. Countries with worsening life standards like in Turkey saw the Statist model as the only solution of the economic recession.

In those years, the attitude towards foreign investments had changed into a distant manner and nationalization in the capital formation process had started. The process was being monitored carefully by the State which had become the main investor especially in the non-agricultural sectors. To apply the principle of Etatism literally, the First Five Year Industrialization Plan was prepared and put into use in 1934. According to the Plan, a specific portion of the yearly budget will be transferred to "Sümerbank", a public institution that was found to implement the requirements of the Plan by producing several commodities especially for Anatolian region where private sector was not active. (Yıldırım, 2014,p. 570; Soylu & Yaktı, 2012, p. 376)

In this period, among the institutional regulations for the Welfare system; the policies for education and health care were significant. In the health sector, the legal framework of the

sector was drawn by 1930, Public Health Law (Umumi Hıfzısıhha Kanunu). State was declared as the only institutional structure responsible for the health care. Apart from that, social assistance provided by newly renamed “Society for the Protection of Children” (1935) (Çocuk Esirgeme Kurumu) and “Turkish Red Crescent Society” (1935) (Türkiye Kızılay Cemiyeti) were the extents of the Turkish state. In the education system, “Village Institutes” (Köy Enstitüleri) were found to educate qualified labor force which was needed for the fledgling industrial sector. With the help of the vocational training of the Institute, the number of teachers and the literate farmers has also increased.

The most important legal arrangement about the labor market was “Turkish Labor Act” of 1936. The Act brought protective policies for women and children, regulations for the determination of the daily and weekly work hours and the minimum wage of the workers. However it has also been criticized for not covering the whole society. “The main feature of this act was that it covered only manual employees (blue collar workers) and left professional employees (white collar workers) regulated by the employment contract provisions...” (Tuncay, 2014, p. 342)

Turkish Labor Act also suggested the formation of “Worker Insurance Administration” (İşçi Sigorta İdaresi) which claimed some social assistance that will be covered by State, in case of any job accidents, maternity periods, health problems and death. On the other hand, apart from “Turkish Employment Institution” (İş ve İşçi Bulma Kurumu), the Administration was responsible for maintaining the supply-demand balance of the labor force.

5.1.4 Post Second World War Period, 1945-1960: War Economics and Attempts for Liberalization

After the Second World War, like in other countries; also in Turkey democratic movements gathered pace. In 1945, as one of the turning points of the Turkish political history; multi-party system had started. This change also had affected the economical parameters and policies.

Before and during the War Period, the protectionist regime of the Turkish Economy was at its peak point. In terms of long term effects, the War mostly affected the capital accumulation of the Turkish Economy. Between 1933-39, the capital stock consisted 10,7 % of the GDP while in 1942 it fell down to 6,2%.(Topak, 2012, p. 187) According to Topak, this decline was caused by big amount of public spending and low return rate in defense industry. Large amount of income that was provided during war time was spent in consumption in the hands of groups who were not reluctant to invest. As a result of this situation, in 1940-45 periods, the market oriented commercial farmers became the owners of big capital and properties in the expense of the small peasants.

The Democrat Party which came to power in 1945 had initiated the multi-party system in Turkey. During 1954-60 periods, likewise the period before, the party continued with an industrialization strategy depended on the private sector. The role of the private sector and the implementation of liberal policies were important for DP government. The opposition party; CHP's policies mainly supported the presence of a state elite group who were supporting the Western principles and trying to be a part of that culture and the electoral victory of DP in 50's depended on its stand against that ideology. The inclusion of people, mainly Anatolian peasants to the politics and economy created a trustworthy image for DP.

Therefore the liberalization policies meant the exclusion of high state elite group from the areas in which ordinary people should play crucial role. This stand also caused DP's way of populism and maintained its dominance until the end of 50s.

However as the private sector could not provide enough capital for this kind of development, the State's role still couldn't be removed totally. Hence the welfare institutions and legal clauses have been arranged accordingly, the significance of the traditional safety net could not be diminished. The characteristics of this period can be drawn as the combination of public and private investments. Although some controls and restrictions were put on foreign trade; the current account deficit was considered as one of the biggest chronic problems of the Turkish economy.

The prominent regulation in this period was the closure of the Village Institutes which had a significant role in the education of village people and especially peasants. However, the Democrat Party gave more importance to the creation of qualified labor force that can play active role in the international trade sector. To achieve this, in line with the developing relations with the USA, several secondary education institutions that gave English education were opened and related departments were started to be founded in the universities. It should be underlined that the reasons of the regulations about the Village Institutes cannot be simplified by a shift in the Turkish education system. The anti-communist trends which were dominant in whole world were also existent in Turkey. The increasing literacy rate not only in urban areas but also villages caused a radical change in the consciousness of the peasants. That social change expanded the leftist tendencies within the villages and small towns which would end up a strong opposition to DP if had not been stopped.

Looking at the period's institutional arrangements; in 1945 Ministry of Labor was founded. As a result of the social consequences of the DP's economic policies occurred a transformation between cities and little towns and villages. Dispossessed peasants who became independent workers were indirectly forced to immigrate to the cities especially to industrial regions. Mining and the Construction Sectors covered this rapid increase in the number of urban workers. In this context, in post-war period, Ministry of Labor was founded. It also served for the organization of the Social Insurance System. In the continuation, the most crucial institutional step was the creation of "Retirement Fund" (*Emekli Sandığı*) in 1949.

On the other side, Capital Tax or Wealth Levy (*Varlık Vergisi*) of 1942 was the most controversial legal regulation of the period. The logic was collecting money in case of an entrance to WWII and also taxing the excessive profitability which was created as a result of the extraordinary war conditions. However the levy of this tax was not applied equally to everyone. Particularly, non-Turkish minorities and the groups which had loose ties with the government were targeted. These groups were forced to pay their tax debts by selling out their investments and liquidating their own properties. Although the briefings of the government members were not directly targeting the non-Turkish groups and trying to justify the Wealth Levy in economic terms, the extreme nationalist trends played an important role in the implementation of this tax.

Despite all these incidents, the 50's were considered as years of prosperity as the real income levels of each part of the society have increased after the deep fall of the War period.

5.1.5 Coup D'état Era 1960-1980: Consecutive 1960-1971-1980 Coup D'états and Transition to the "Social State"

The 1961 Constitution which was accepted after the Coup D'état of 27th May 1960 was a turning point in the Turkish Political History. The constitutional articles gave remarkable importance to the principles of Social Justice, Social State and Rule of Law. Right to collective rights such as strikes, membership to labor unions, collective contracts were guaranteed. As a result of this socialization of the State, the Turkish labor force, particularly in the industrial sector, started to be organized more rapidly and became an important concern for the employers.

Political, social and economic circumstances in Turkey should also be analyzed from international perspective. The impact of international political and social movements of 60's over Turkish society was also one of the important determinants of the decade. Racial and sexual discrimination gave rise to Black movement and the formation of Feminist theory with the creation of a strong supporter group. Parallel to that, anti-war protests were seen particularly against American Vietnam war. Reactions against economic and political conservatism also formed an important opposition group among young people called "Hippies" who believed in liberation in society including sexual, economic and cultural revolution. A new interpretation of Marxism was re-born under the name of "New Left and was spread especially in USA and Europe by forming New Leftist and social democrat parties in various parliaments. All those movements increased the awareness of a wide range of the society including women, workers, feminists, young, Marxists and the middle class.

Therefore 1961 Constitution's content was not a result of only national dynamics but also had been written under the influence of international trends that dominated all world societies.

5.1.5.1 Period Between 1960-1970: Political and Social Consequences of 1961 Constitution

Alterations in the international political economic trends during 50's had a significant impact on time's Turkish economy, particularly initiating a rapid industrialization process. Turkey has become a country in which developed countries installed their production schemes and used it as a complementary part of their own industry. Through this mechanism, Turkish economy aimed to accumulate required capital for its development process. The new production technologies which required big amount of investment were firstly initiated by the Turkish State. A new type of planned economy in which state complemented the inadequate private sector dominated this period. On the other hand, rather than installing own production systems, private sector preferred to be partners of some multinational companies in terms of patent and license. The rise of Turkish holding companies which was initiated in the previous period gathered speed under the Democrat Part Rule. However to accomplish this new accumulation process, Turkey started to import high technology goods which made it dependent to the imported goods.

When it comes to 60's, import substitution industrialization can be seen as the main element of the capital accumulation strategy. According to the strategy, State held the responsibility of producing consumption and investment goods in the national market. By doing this, the prices of intermediate and investment goods would be low and it would

enable to decrease the cost of the production of industrial goods in the private sector. That's how the capital accumulation would be achieved.

However, as the quality of the production in the national market could not compete with the international market and as the consumption was high in the local market, the saving rates couldn't be increased and the new investments which were required for the labor productivity could not be done. As a result of this situation, with the lack of new investments, the cost of internal production of goods could not be taken under control. The consumption demand of the people was tried to be satisfied with national goods which were low in quality and high in prices. In 60's, there were high pressure over the consumption demand and a large saving gap.

Furthermore, industrialization through import substitution enlarged the size of migration to the industrial cities and decreased the life standards of upper-middle and middle class. The consumption was mainly under State control but despite all these; the external dependency of the Turkish economy was not diminishing. The quantity and the quality of the production were still behind the developed economies. This also complicated the possibility of exportation.

On the other hand, the 1961 Constitution was crucial in terms of its wide scope for social rights. In institutional terms, these rights shaped the State as a Social Welfare State. The new regulations enabled the Turkish society to have access to positive and negative social, economic and collective rights while giving more responsibility to the State structure. The protection of the families, the nationalization of the various sectors and the control of the some private sectors conforming to the social good can be given as examples of the new responsibilities of the Turkish State. The Constitution also put some restrictions to the

obligations of the State by limiting them with the economic development level of the country and the sufficiency of the economic resources. It was important to see how the Welfare State in Turkey was related directly to the capital accumulation and economic development. (Topak, 2012, 203)

Another crucial institutional arrangement was the establishment of the “State Planning Organization” (*Devlet Planlama Teşkilatı*). Development and Planning were main characteristics of the 60’s Turkish Economy. The Plan Reports of the State Planning Organization were explaining the big role of the State in the development strategies of the economy. The First Five-Year Development Plan was emphasizing the importance of collocation of economic growth / development with the social justice and welfare principles. To achieve this cooperation, the policies for the regulation of income distribution, social security, working life and family life took place in the Development Plan.

According to the First Five-Year Development Plan, the aims were defined as following.

The aims of the First Five-Year Development Plan were defined as; a general Social Insurance System will be established which covers everyone’s health and old age insurance. All the Social Insurance Regulations will be controlled from one center. Special cases of the beneficiaries will also be considered in the system. Self-employed people, merchants and craftsmen who pay the full of the insurance Premium will be included into the Social Insurance System. Unemployment Insurance will be established for the permanent workers. The Insurance Funds will be run according to the economic development objectives. (STATE PLANNING ORGANIZATION, 1963; p. 110)⁷

⁷ Translated by Eylül Çulfaz

The policies that were regulated in the First Five-Year Development Plan were defined as; “During the Plan period, the participation rate of the beneficiary workers to the system will be increased. However, long time preparation is required for the solid establishment of the General Insurance System. That’s why; the coverage of industrial workers will be the priority. Worker Insurance Administration which is the center of the National Social Insurance until now, has been established for a specific class; while the System should cover entire society. For this purpose, today’s institutions with the other provident funds will be gathered for a new system. The objective of the Social Security is to protect people against social and physical risks with the help of the employer’s funds. As it is a whole system, the regulation of the each insurance type differently causes administrative problems. To solve this problem, entire insurance policies that are run by Worker Insurance Administration, will be gathered as a one Social Insurance System.” (STATE PLANNING ORGANIZATION, 1963, p. 111)⁸

Finally, 60’s were important in terms of legal arrangements in labor market. Beside the rights that were earned by the 1961 Constitution; the laws that concerned labor unions, collective contracts, strikes and lock-outs were accepted. (*Sendikalar Yasası* and *Toplu Sözleşme, Grev ve Lokavt Yasası*) In this period, the labor class started to be organized and as a result Seniority Indemnity (*Kıdem Tazminatı*) was passed into law and Minimum Wage (*Asgari Ücret*) started to be applied in national level.

Finally, some legal regulations in the Social Services were also occurred in 60’s. “Law on Social Services and Child Protection Institution” (*Sosyal Hizmetler ve Çocuk Esirgeme Kurumu*

⁸ Translated by Eylül Çulfaz

Kanunu) shaped the main framework of the social services. The Institution started to give assistance in education and care, to the orphans and indigent children and elder men.

5.1.5.2 Period Between 1970-1980: Creation of Three Legged Welfare System; “Bağ-Kur”- “Emekli Sandığı”-“Social Insurance Institution”

When it comes to 70’s, it can be observed that the import substitution strategy had gained pace however during the decade, the economy faced with big capital accumulation problems. The military intervention of 12th March 1971 had become the starting point of the disruption of the stability. Since 1971 until the Second Military Coup in 1980; the labor movements had risen. The wage relations between capital owners and the workers started to break down and the tension between the classes was at its peak point in the end of the 70’s. The economic crisis of 1979 and the incidents in post-79 period dragged Turkish Economy towards a dead end.

In terms of the Welfare Institutions, the most visible act was the creation of a new Insurance Institution named as *Bağ-Kur*; for the self-employed ones and the merchants and craftsmen. With this institution, the mentioned groups were included in the Social Insurance System and covered for physical risks such as; death, old age, disability and with subsequent laws also sickness. In addition to that, with a new law that put in force in 1976, helpless, unattended and indigent Turkish citizens who are over 65 years olds were put on salary.

Looking at the Social Security System in 1980, 46,5% of the total population were covered by the system. In terms of medical services, the percentage declines to 36,3% (Topak, 2012, p. 209) Insurances against some risks such as; death, disability, old age, sickness and labor accidents were brought into force however unemployment and family allowances were not settled. As it is mentioned above, *Bağ-Kur* covered only some of the risks and the *Emekli*

Sandığı (Retirement Fund) which was for the civil employees; included health insurance, retirement pay, disability pension, dependents pension, aid assistance in case of death and marriage grants. (Topak, 2012, p. 210) (Three legged structure of the Turkish Social Security System will be explained in Chapter 6 in details.)

5.1.6 Military Coup of 1980 and the Welfare State Crisis of 80s

The import substitution strategy of the previous period formed an economy which is mainly dependent on imports and the accumulation crisis that had been present since the end of 70's, reached its peak in 80's. In addition to all, as a result of the two Oil Crises of 1973 and 1979; it became impossible for Turkey to get into foreign debt and to receive foreign exchange to the country. Along with the economic worsening, political instability had also reached to top. As a result of respective failures of coalition governments and continuous IMF programs "At the beginning of 1980, Turkey was unable to import the essentials for winter survival—oil, coal and coffee." (Onis & Webb, 1992, p. 4)

In the end of 1979, the new coalition government led by right-centered politician Demirel saw the necessity to make some provisions. With the new economic team, the 24th January 1980 Decisions were introduced as the savior package.⁹

However they could not avoid the forthcoming incidents and additively they induced a Welfare State Crisis. "Initially it mainly addressed the debt crisis and balance of payments problem, but it started the wholesale reorientation of policy toward a market-based economy. Strikes and political violence continued through summer, aggravated in part by the economic dislocation originating from the adjustment." (Onis & Webb, 1992, p. 5)

⁹ Appendix for the 24th January Decisions

On 12th September 1980, the military took power and dissolved the Turkish parliament¹⁰. During two years, until 1982 the Turkish parliament was governed by the military and in 1982; the newly formed Motherland Party won the elections and Özal became the new Prime Minister. Kenan Evren was appointed as the President after the referendum for the New Constitution of 1982.

After the 1980 Coup d'Etat, capital became the main actor and to increase the profit margins was the main target of the country's economy. To achieve this, wages were decreased and the regulation of the labor market became stricter. With the neoliberal Özal government, the oppression over the labor increased and the real wages were significantly dropped. However this kind of resurrection could not prevent the increase in the unemployment and the decrease in the productive investments. There was also a radical change in the consumption norms, the luxury goods were started to be demanded more than before and the import-dependency was escalating.

The 1982 Constitution had different characteristics from the 1961 Constitution, in terms of Welfare State. These differences reflected the features of the new tendencies about the concepts of Social State. Social rights were started to be associated with the income levels rather than the compacts of citizenship. The limits of the Welfare State were restricted by the market principles and the State was oriented to a neoliberal economy.

The institutional repercussions of the neoliberal transition began in the public spending. The public spending decreased significantly and the tax policies had changed particularly in the distributional sense. Decreasing tax rates over the return of capital was a hint for the supply

¹⁰ The National Security Council led by the General Kenan Evren became in charge of the Turkish politics and they kept Özal- the leader of the previous economic team- in the office.

side tax policies. In addition, public investments took a backseat. The provision of welfare began to be transmitted from State's responsibility to the families and other traditional mechanisms. The number of people that were covered by the Social Security had increased however as there was a little increase in the security spending; the quality of the Social Security services had decreased. The cuttings in the public spending in education were accompanied by privatizations in every educational level. Like education, Health Services also started to be privatized. ANAP government saw "costs" as the main problem of the sector and related this to the inequality in the service delivery in the health care. Cost cutting became the main strategy of the government; "Social Insurance will be the place where health service is bought but not produced"¹¹ was the statement of Mustafa Kalemli- former Labor and Social Security Minister- in the 40th general meeting of the Social Insurance Institution. (Topak, 2012, p. 220)

In terms of legal arrangements, the first indication of the new approach became evident in the labor regime. The corporatist strategy depended on social reconciliation which was dominant until 1979 was left, the labor unions were closed, the wages were frozen and collective contracts were suspended until 1983. The military government not only pressured workers' class but also worsened the life standards of the public employees. Wages, seniority indemnities, various subsidies were deteriorated. After 1983, depending on the new constitution and the new accepted laws; strikes and the rights for collective contracts were restricted harshly to allegedly prevent any actions against public order and stability.

¹¹ "SSK sađlık hizmeti üreten değıl, satın alınan bir müessese haline getirilecektir" (Çalışma ve Sosyal Güvenlik Bakanı Mustafa Kalemli, SSK.40 Genel Kurulu konuşması)

5.2 Reformation of Welfare State in the Aftermath of Crisis: Neoliberal Transformation of the Turkish Welfare State

The Reformation of the Turkish Welfare State in 1990's was attuned to the neoliberal transformation of the whole economy. The radical changes had occurred especially in the labor market where flexible labor force was created by clearing up the labor-protective regulations and by strengthening the control mechanisms of the capital to increase the returns for the capital owners. In the end of various neoliberal policies, poverty level had increased.

With the liberalization of the Turkish economy, Turkish type of capitalism also started to be formed. Particularly, in the post-80 period, the duality of the labor market as a result of the rise in the informal sector; had created a large number of people which could not be absorbed by the formal sector. In addition to that, formal sector of the labor market had been dominated by the market principles and the welfare policies of the State had been reformulated depending on the market rules.

Since 1990's, the Turkish Welfare Regime had also undergone some changes. While the crisis period which was inherited from 80's enabled the State to intervene to some spheres of the economy, the neoliberal policies that had appeared since the 90's had kept the State in the background. In the first situation, State took the responsibility of implementing the structural adjustment programs that were come to terms with IMF and the World Bank and in the latter; market's rules of competition dominated the State in the creation of the base for the new reforms. The welfare institutions which provided the equilibrium between wages, prices, consumption rates and stability were left to the Market. However, the number of unemployed people who had migrated to the big cities as a result of the

privatization policies and the transformation of the agricultural sector; was left uncovered by the Welfare Regime and they contributed to the expansion of the informal sector.

5.2.1 Legal and Institutional Arrangements in the Labor Market

The adjustments of 90's that were mentioned above restored to a modern legal structure in 21st century. From 2000, the legal procedures those were required to complete the neoliberal transformation had started. The law package that was prepared by the Ministry of Labor in 2000; which covered the Labor Law, Union Law, Collective Contracts, Strikes and Social Security was the first example of this legal component of the transition. The Labor Law which was put into force in 2003 responded most of the demands of the flexible market such as; the acceptance of framework agreements rather than collective bargaining, flexible provisions against collective contracts in case of a crisis, recession or inelastic demand, decrease in nonwage payments. The law was justified by the necessity to accommodate with the new working orders that had come with the new technological changes.

Another change which was also reflected in the Labor Law was the scope of the State in the new neoliberal economic order. The domination of the market dynamics over the State power created a dual structure just between the capital and the labor. The withdrawal of the social characteristics of the State structure enabled an irregular and informal labor market. Thereby the labor was no more covered against any kind of risks and the informality created an uneven competition in general wage rates. These changes in labor market motivated some sociological transformations which had also caused some economic repercussions. The workers who started to socialize in their workplaces where they contributed to one part of the mass production started to be affected by new consumption trends and the new behavioral patterns. Irregular working standards also affected their

families and home lives. These changes initiated the process of “the degeneration of the puritan morals and the lumpenization of the working class”. (Topak, 2012, p. 259)

Beside the private sector workers, state’s proper officials had experienced similar changes. In the beginning of the Justice and Development Party (AKP) period- that has started in 2004- under the name of Emergency Action Plan and by the Public Administration Basic Law, the re-regulation of the public personnel regime was fulfilled. Public Personnel Regime Law Draft (2004) concretized all the changes. Public employees also became covenanted employees with flexible work standards for each personnel. The wages became dependent upon the performance level of each official. Performance-based salary system was motivated by the idea that defends an increase in each individual’s performance would create a total performance increase. On the other hand, at the same time, it would create an unorganized and individualized work life. While there is a belief in the relationship between the competition and the progress, it also decreases the cooperation possibilities and increases the control mechanisms of the managers over workers. The individual performances, naturally the wages, would also depend on the total performance of the whole office. The ones who get lower score can be fired or demoted.

Norm staff practices were completed in the State institutions. Norm staff means the standardization of the quality, quantity, degree and the rating of the State institutions. The employees can be organized in the most efficient way depending on the country’s needs and resources. Labor productivity is the main aim of the practices. The ones, who are determined as supernumerary would be fired, retired or transferred to other offices. From the workers’ perspective, the Norm Staff Practices that enabled managers to send

employees wherever they want also destroyed integrity of the workplace and the regular employment.

Precarity is the one of the main institutional changes in the State's labor regime. Permanent employments were replaced with the unsecured employments. In some sectors, the employees were divided into many groups which in every group had its own wage, work standards and working hours.

Unsecured employment has been used in two different meanings in Topak's book. First refers to temporal formal employment. Temporal contracts are signed between employers and employees in whom the due date of the work has been determined. Young people and women are the groups who mainly deal with this type of contracts. Secondly, mostly refers to the "de-securitization". Secured and permanent employments are replaced by the temporal and unsecure contracts. This enables any contractual changes without permission of the workers and the withdrawal of some of the social security rights.

In 2000's the radical increase in the contract employee was another way to make the labor market more unsecure and flexible. This increase was due to the Law No.4924 which was put into force in 2004 that accepted the contract employee in healthcare sector, local governance and with Law No. 5437 in 2006 in education. Then the employment of the contract employees started to expand. Not only contract employment but also temporal personnel employment started to become current since 2004. Utmost example was the transfer of the TEKEL workers to the temporal personnel statue (4-C statue). Almost 20000 permanent workers who had worked with collective contracts had been forced to work in temporal worker statue. As a result of massive protests of TEKEL workers, some regulations had been revised however none of them covered the job insecurity.

5.2.2 Social Security System Reform: Institutional and Legal Requirements

Social Security System as one of the main elements of the social wage also has been reformed. As a result of various crisis and structural adjustment programs in the 90's and 2000's, the most radical changes in Social Security System occurred in this period.

New tendencies in the Social Security System have started with the neoliberal transition of 90's. The first wave of changes began in 1999. With the new law of 1999, the conditions to benefit from the health insurance had become more difficult and the Social Insurance Hospitals had turned into businesses. The income replacement rates and the time for premium payments for the retired employees had increased and unemployment benefits had been replaced by unemployment insurance.

In the AKP period, the second wave had been initiated. In 2006, law drafts about the new regulation of the Social Security System were accepted by the Turkish Parliament. As a result of the new organization of the system, Social Insurance Institution (SSK), *Bağ-Kur* and Retirement Fund (*Emekli Sandığı*) were gathered under the Social Security Institution (GSK). Three branches of the new system are General Health Insurance (GSS), Social Assistances and Services and lastly, Retirement Insurance.

5.2.2.1 General Health Insurance (GSS)

Health Transition Project (SDP) was put into force by Ministry of Health in 2003, one year before the beginning of the AKP Period. According to the Project, all hospitals would work like businesses and their treatment services will be based on the pricing of the service. In 2006, the AKP government introduced the General Health Insurance (GSS) and linked it to the previous project. GSS would be responsible from the financing of the Health Care

System and would function like a customer who buys service from re-structured hospitals. According to the General Health Insurance, every citizen has to pay premiums and the premiums of the ones who are not able to pay would be covered by the GSS Budget.

However, the crucial point of the GSS is its coverage. The concept of “Basic Insurance Package” was introduced with GSS and it basically, rates the insurance services. According to the package, the citizen who has paid all his/her premiums is not covered fully but to be able to maintain the system, the exceptional high risk treatments and services -such as cancer types, diabetes etc.- which may put the practice financially in hazard, are left out of the General Health Insurance’s coverage. In those cases, private health insurances are required. In addition to that, it is not possible to get health care service through GSS from all hospitals, but also from the institutions that GSS had related agreements.

Another crucial point of GSS is that, even there is a pricing system, in case of a more expensive service; the excessive amount is also covered by the beneficiaries or private health insurances. That is one of the points where people get differentiated and served with different tasks due to their distinct level of income.

The General Health Insurance which was started to be applied in 2008 embodied the Health Transition Project and all the parts of the society were covered by the Compulsory Health Insurance; in other words were obliged to pay premiums to the Health Insurance System. In this context, “The Green Card” application which was valid for unemployed people and the ones who live under the poverty line was also abolished and income-tested system wage was put into practice. According to the new system, State will be responsible for the premiums of the ones whose monthly income is less than the one-third of the minimum.

Likewise, beneficial conditions of the children of the beneficiaries and the part-time workers were re-organized and they were also faced with the premium pay liabilities.

5.2.2.2 Social Assistance and Services

The system that has been created by the 2006 Reform Package enabled a transition to a social welfare system that is based on individuality. The social assistance and the social services that are provided to an individual are determined by the individual's relation to the market. In other words, it is intended to put welfare- practices in which the individuals who don't / can't participate to the labor market cannot benefit from the welfare assistance or services- to the center of the new Social Welfare system. Related to this, non-contributory payments will require participation to the training courses that are designed to get a profession. The main reason for this is to keep the income transfers in balance. The individual cash financial aids will be calculated depending on the local funds and the minimum national level which is required for the survival will not be taken into consideration. As a result there will be differences between regions and the base for the calculation of the poverty line will be re-calculated which may result in the hunger threshold.

In the first years of AKP Government, the State tried to deal with the poverty problem, by constructing a huge network of foundations which have acted as civil society organizations. This network also turned into a prolongation of the dominant political party. Without denying the profundity of the struggle against poverty, it is also required to say that the struggle was not curative. On the other hand, through maintaining groups of people in need of financial help, the Government contributed to the re-creation of the poverty. On the same line, the AKP Municipalities have also distributed social aids such as food, firing

equipments and shelter and the number of beneficiaries increased by 10 times. However the populist and the religious characteristics of these aids should also be taken into consideration.

5.2.2.3 Retirement Insurance

Another major change that has been caused by Social Security Reform occurred in the Retirement System. Apart from the combination of the three distinct institutions under one title, the retirement ages are modified due to the demographic change as a result of the extension in the life expectancy. In addition to that, the premiums and the time of premium payment have been increased in return of the decrease in the income replacement rates. Undoubtedly the private retirement insurances are incorporated into the system.

As a result of an arrangement of this kind, the base for welfare state system and social security concept is destroyed. The upper level of the society is directed to private insurances and the inter-class transfer system; which aims to transfer the sources to the lower income groups, has been demolished. The Social Security System lost its protective characteristic. The increasing domination of the market over the Retirement Insurances, likewise the other parts of the system individualizes the risks instead of adopting them as collective risks.

5.2.3 Health Care System

The regulation about the Health Care Services is not a new phenomenon in the 21st century. The arrangements have been started in 90's. The public health care service was not functioning well and the institutional arrangements which would locate private institutions into the health care system were started to be prepared. In 1994, in order to decrease the public debt, the time's government decided to put serious deductions in the health care

spending. In the following year, in 1995, through several legal procedures and law drafts, it was able to transform public hospitals to health care businesses.

In 1996, in the ANAP (The Motherland Party) –REFAH (The Welfare Party) coalition period, the privatization of the public hospitals and the transition to today's General Health Insurance policy was suggested however it couldn't be applied fully. All the posterior governments had formed the coherent policies yet it was possible to complete the process in the AKP period. With 2006 Social Security Reform, the pre-planned neo-liberal health care system which features curative health services while ignoring preventive ones; was accomplished.

During the AKP process, another regulation was about the introduction of the foreign investment and the foreign labor force into the Health Care System. The arrangements for the establishment of the Health Care Free Zones facilitated making investments for foreign entrepreneurs and opened the way for foreign medical personnel to be able to work in Turkey. Through this method, the cheap labor was provided to the sector. Not only for foreigners but also it became easy to have rent opportunities in Health Care Sector for foundations which are close to the government.

The State will not deal with the Health Care System directly however will be responsible from financing of the sector through Health and Retirement Insurances. The abolishment of the public control initiated the determination of the treatment prices by the Market. As a result, appear differences in the treatment prices which cause inequalities in the Health Care Services and mainly the low-income class of the society is affected by these inequalities. In addition to that, as the Private Sector does not prefer to invest in low-profit sectors, the groups with low purchasing power and without any insurance will have

difficulties in access to the service and will be obliged to benefit from Public Health Care Insurance and Services. In the end, Public Service will be limited to the low-income groups.

5.3 Conclusion

In the first chapter of the second part of this study, primarily the evolution of the Turkish Welfare State is analyzed. The main goal is to understand the base of the Welfare concept in Turkey and to be able to dominate a comparison between the four Southern Welfare Regime Type and Turkey. This chapter aims to give required information to read the statistical information in the next chapter.

To reflect the changes in the Welfare concept in Turkey, an historical categorization is used. Pre-Turkish Republic period is analyzed for a smooth introduction to the Republic's economy and since 1923; the foundation year, until the recent AKP government period; the role of the Turkish Welfare State is tried to be reflected. In the beginning of the Republic era, the goal of creating a national industrial sector could not be accomplished as a result of the lack of capital in the economy. In the same period, the formation of a steady organization of the State was not possible. Traditional communities such as families and religious institutions maintained their crucial role in the Social Protection system. However in 30's, as a result of the Great Depression, State had to take the responsibility of the "Welfare" of the society and the state intervention was the main characteristic of the era. The beginning of the Second World War in the next era had increased the scope of the State in the economy and the Protectionist Regime had reached its peak until 60's. Meanwhile the World War II had affected the Defense Industry and the capital accumulation was concentrated in this sector. The war conditions, naturally influenced the Welfare of the Turkish society negatively however in some cases such as the Capital / Wealth Tax which

was put into force in 1942, non-Turkish minorities had been affected more than the rest of the society. The economic prosperity in 50's and the start of the multi-party regime with the election of the Democrat Party had caused the beginning of a new era in the Welfare concept. It was aimed to put the Market in the centre of the economy however 30 years since the beginning of the Republic was not enough to create the required capital accumulation by the Private Sector.

ISI policies marked the decade of 60's. The closure of the Turkish economy to the international markets by various regulations and high import duties tried to provoke the production and the consumption of the national products. However the product quality was low and the economic conditions created the imbalance between consumer demand and the product supply. On the other hand, the 61 Constitution that was prepared after the Coup d'Etat of 1960 was a remarkable point in the Welfare Regime of Turkish History, in terms of the protection of social rights. However the intense environment of 70's also been felt in Turkey. The wage relations between workers and employers broke down. The 79 Crisis had also started the Welfare Crisis in Turkey. 1980 Coup d'Etat had also materialized this crisis in the Turkish politics. The market based economy and the individualization of the Welfare concept was started to be imposed to the Turkish society.

It is possible to name 2000's as AKP period. In fact, the regulations about the Welfare Regime during the AKP governments were not innovative changes. Those regulations are rooted in the post-80; particularly in 90's period. However actualization of those reforms had occurred in AKP period. The radical change in the Social Security System with the 2006 Reform Package was not peculiar to AKP but was a product of the neo-liberalization period that had started in 80's. Reform Package brought an individualized concept of Welfare that

depends on “work-fare” principle which refers to the requirement of occupational relations with the Market or the Public Institutions to have access to Social Security. In addition to that, public insurances particularly in the Health Care Sector started to address to the lower-income groups while the upper classes prefer the Private Insurances. The limitation of the Social Security beneficiaries in this manner broke down the main principle of a Welfare Regime which bases on transfer of the funds from upper to lower groups.

6 STATISTICAL LOOK AT THE EVOLUTION OF THE TURKISH WELFARE STATE

In Chapter 6, we will be explaining the evolution of the selected indicators which are related to welfare and clarify the Turkish Welfare Regime Model (TWM), as depicted in the previous chapter, based on statistical data. As mentioned before, the main question of this thesis is to look at the possibility of including Turkey into the Southern European welfare regime, which is defined in the beginning of this study. The answer to this question requires going back in history and searching for the roots of current changes in TWM. Therefore, this chapter is divided into three subsections. The first one will be statistically analyzing the period between 1980 and 2001 from a macroeconomic perspective and the second one provides a brief reflection of the social indicators of the same period. The third one is structured based on the -already mentioned- three spheres of the economy, starting from 2001 up until now and the impacts of the 2001 Turkish economic crisis and 2007 global financial crisis on TWM. It will be possible to view the Turkish labor market data for the given period, as well as the Turkish social protection system and Turkish households respectively.

The decisions of 24th January 1980 were a remarkable turning point in Turkish economic history. In this time, neoliberal policies, officially, started to dominate the economy and, correspondingly, the liberalization of many sectors such as trade, foreign currency, and financial markets, was initiated. As a consequence of this neo-liberalization period, the Turkish welfare regime was also deeply affected. Cutbacks from the government's side, the economic conditions of families and the labor market dynamics were altered, compared to pre-1980. That is why the periodization of this chapter takes 1980 as the starting point. For the period between 1980 and 2001, it is also possible to categorize in terms of the several

crises that the Turkish economy has suffered from. These broke out in 1987, 1994 and 1999. However, the magnitude of the 2001 crisis was so much more profound. Therefore, in this study, we will be handling the impact of those crises and the 2001 crisis separately. In the last part of the chapter, the effects of the 2001 Turkish financial crisis and the 2007 global financial crisis on TWM will be analyzed. The Social Security Reform of 2006 will also be another important factor of this period as it totally changed the structure of the Turkish social security system, which is one of the main concerns of this thesis.

In this chapter, data analysis, which is accompanied by a literature review, is used to reflect the cause effect relationships throughout the time period that we are concerned about. Databases of the World Bank, OECD, IMF and Eurostat provided sufficient information for us and for the Turkey-specific data we benefited from the TUIK database.

6.1 Macroeconomic Look to the 1980-2001 Period

All the economic policies that were implemented during the 80's in Turkey, which have aimed to integration with the international capitalist market by supporting the entrance of foreign investment to the domestic market and by practicing export oriented industrialization, have caused budgetary problems with profound socio-economic consequences. These neoliberal policies can be briefly stated as; strengthening privatization, deep reductions in taxes, monetary precautions to control inflation and reducing the state's role through cutbacks in public spending (UÇKAÇ, 2010, p. 423). At the same time, institutions like IMF and the World Bank provided funds to Turkey. They aimed for the full implementation of these policies and, in a way, forced the country to do it. Those enforcements, along with the previously mentioned neoliberal policies, caused relative poverty in society.

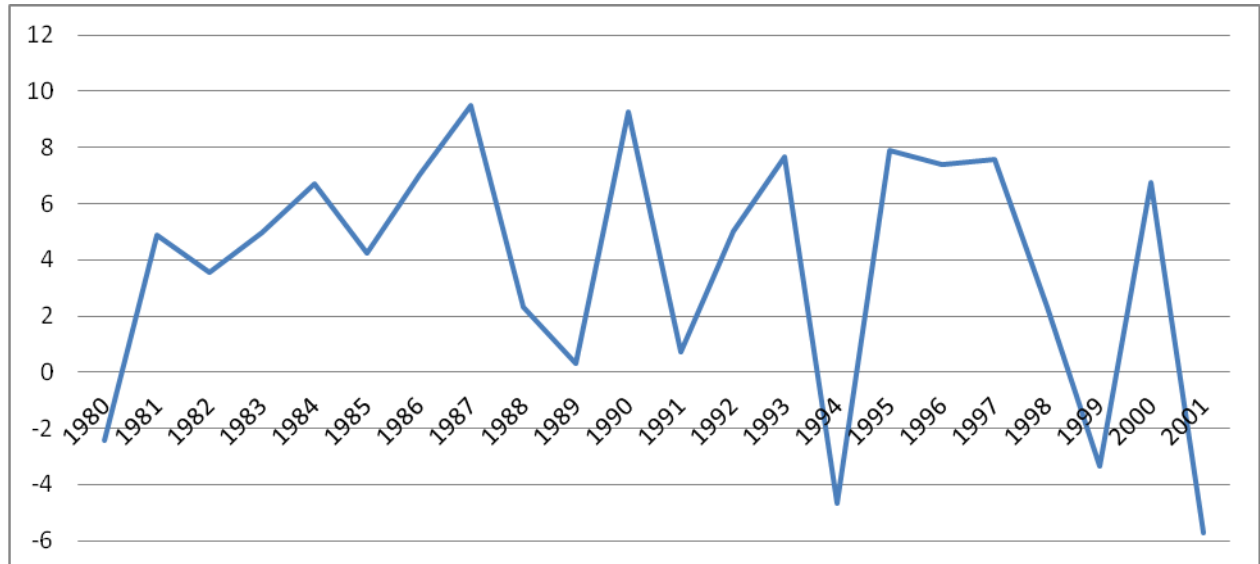
The diminishment of state intervention with the economy and the expansion of free market strategies also resulted in the abolition of control over interest rates and foreign exchange currency. Those, combined with the free mobility of foreign investment which is generally addressed to financial markets instead of real economy, initiated a deep financialization of the Turkish economy and rendered it vulnerable against several crises in the 90's.

The decisions of 24th January 1980 were the ones which brought the above mentioned neoliberal policies to the center of the Turkish economy. In the first place, they aimed to control hyperinflation and balance the demand-supply equilibrium in the domestic market and payments in the international arena. This required some radical changes in the structure of the Turkish economy (ULAGAY, 1983, p. 15). Some of them are: an export oriented industrialization model instead of ISI, which was practiced since the 1960's, the adoption of real exchange rate policy rather than an over-valuated one and the abstention from radical devaluations, the determination of prices and interest rates by main market instruments -demand and supply- and finally, cutbacks from public spending and the elimination of subsidies to the public sector, while providing equilibrium in the budget through a comprehensive tax reform (ULAGAY, 1983, p. 16). These decisions didn't only bring about economic problems but they also had political repercussions which led the country to the 12th September 1980 Coup d'Etat.

In this part, the period between 1980 and 2001 will be analyzed by dividing it into three different spheres of a welfare regime: labor market, social protection and households. Before examining the indicators of each section in detail, it is significant to look at the basic variables of the Turkish economy in order to understand the tendencies of its welfare

regime. These basic macroeconomic indicators are GDP growth rate, inflation rates, current account balance, external debt stock and foreign direct investment.

Graph 6.1: GDP growth rate (%) 1980-2001



Source: World Bank

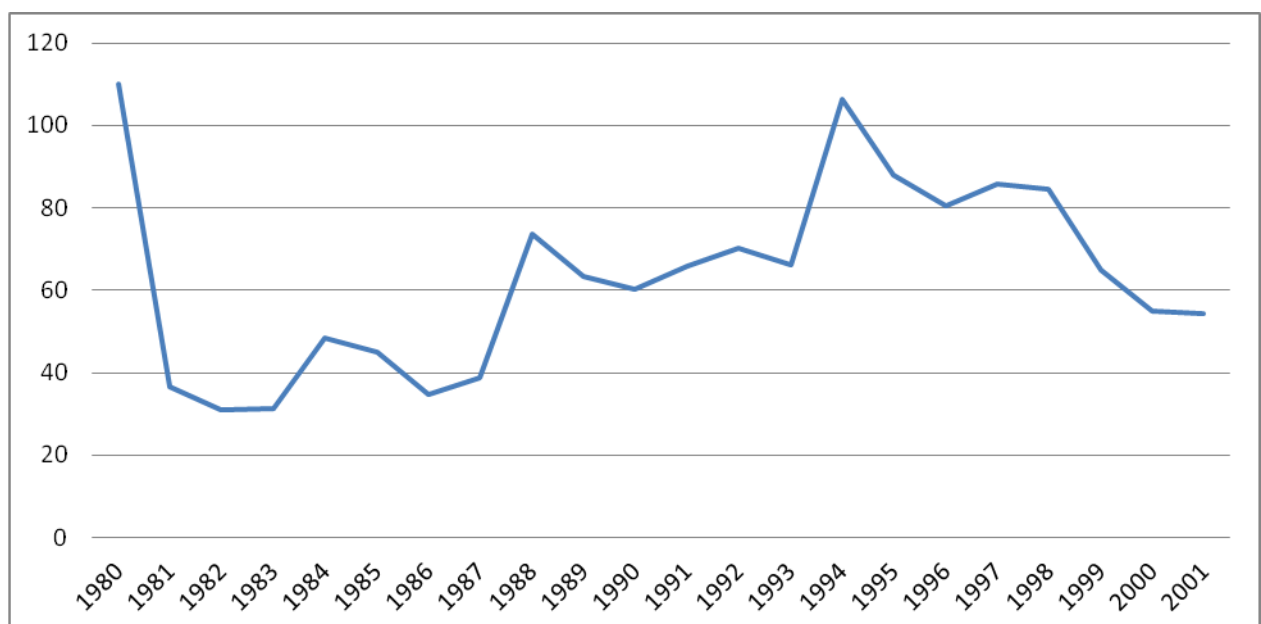
The graphic depicting GDP growth rates (graph 6.1) give us an idea about the general state of the Turkish economy in the period between 1980 and 2001. It is possible to read the graph in three distinct periods which are; between 1980 and 1988, 1989 and 1994 and lastly between 1995 and 2001. This periodization depends on specific years that GDP growth rate shows radical decreases which indicate five distinct crises (1980, 1988, 1994, 1999 and 2001) in the Turkish economy. Each crisis had different roots and consequences, however, they all caused sharp interruptions in Turkey's growth.

The economic policies, which had been initiated by the decisions of 24th January, were dominant in the Turkish economy until the end of 1988. The proposed neoliberal model was not a new progressive package specific to Turkey. The model was a combination of the standard IMF stabilization policy, which was applied to underdeveloped countries in 1970's, and the World Bank's structural adjustment program of the same time period. Particularly,

when it is compared with the Latin American military regimes' economic experiences, the proposed model for Turkey was clearly not a fresh one (Boratav, 2014, p. 149).

Although the period between 1980 and 1988 reflects integrity in terms of economic policies, there are some specific points to mention. After the liberalization of interest rates in 1980, the competition between banks and brokers caused financial chaos in the country. The system where financial actors used "Ponzi finance", (in Turkish it is called "Saadet Zinciri" which means "Happiness Chain") an operation in which individuals offer higher interests than the rates of financial institutions in order to attract investors and offer even higher ones to pay back the investors that they have attracted, collapsed in mid-1982 and caused bankruptcies of several small banks. The downfall of the economic order debilitated the military regime and the 1984-1989 ANAP (Motherland Party) periods had started.

Graph 6.2: Inflation rate (%) 1980-2001



Source: World Bank

After the 1982 crisis, the Özal government had adopted a more cautious approach towards financial liberalization and the recovery of GDP growth rate was due to the increase in

public spending. However, although ANAP government tried to stabilize the economy, in the year 1988 financial diversification was abundant and the inflation rates were increasing rapidly. (Graph 6.2)

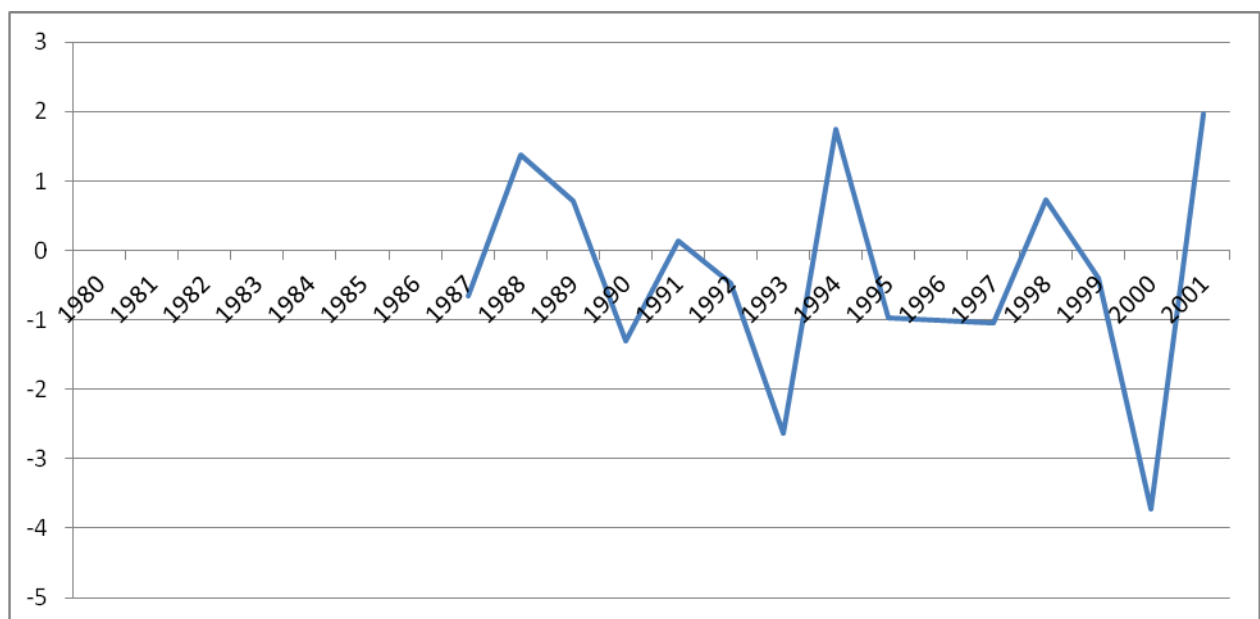
If we look at graph 6.1 again, we can see that between 1980 and 1988 the average GDP growth rate is around 5%. Therefore, it should be underlined that in Turkey, the stabilization program of IMF did not cause an economic narrowing like it did in other countries that had adopted the same program. According to Boratav (2014), one of the reasons for this is that total production in the 80's was directed towards exports to international markets with the support of export subsidies and the reduction in domestic demand. However, he also relates this to the unfair income distribution among the labor class. On the other hand, the impact of the increasing imports on this growth rate is also crucial. Again, in Turkey, unlike other countries, stabilization programs did not cause any shrinking in import levels, on the contrary, during the program, imports climbed radically and caused an increase in the current account deficit throughout the 80's (graph 6.3; due to the availability of the data, it is only possible to see current account balance after 1986).

Looking at the total external debt stock in percentage of GDP (graph 6.5), it can be seen that during the period between 1980 and 1988, the external debt stock doubled, reaching 46%. The increase in the GDP growth rate can be explained by increasing external debt levels which made the Turkish economy dependent on imports of intermediate and investment goods by financing them through high external debt.

In the next period between 1989 and 1994, the average GDP growth rate was 3.04%. Comparing it with the previous one, it had decreased. In addition to that, it is possible to claim that in each period of the neoliberal era, the average GDP growth rates were

decreasing. Meanwhile, the liberalization of capital movements was one of the main demands of the international finance capital that came with the neoliberal agenda. Firstly, it was implemented in Latin American countries in the 70's and resulted in a severe external debt crisis. Within the framework of the same program, in the beginning of the 90's, Turkey introduced full convertibility of the Turkish lira.

Graph 6.3: Current Account Balance (%) 1980-2001

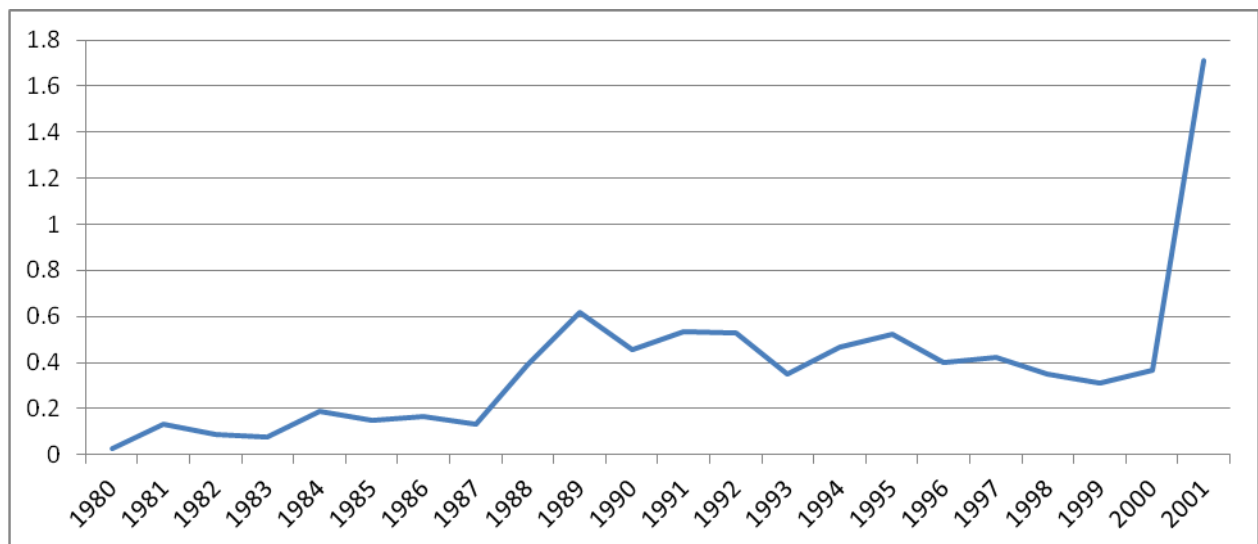


Source: OECD

After 1993, big amounts of capital outflows during the Çiller government caused the 1994 crisis which shrank the Turkish economy's growth rate by around 12% (graph 6.1). The issuance of treasury bonds to the domestic market tried to prevent the downfall of the financial system, however, it was a short-term solution. Another characteristic of this period was the current account deficit (graph 6.3). In 1990 and 1993, when the GDP growth rates reached respectively 9% and 7%, the current account deficit was respectively around -1% and -2%. This shows that, in the 90's, the Turkish economy was able to grow without creating radical deficit in the current account, in other words, without depending on

external sources. On the other hand, the acceleration of the liberalization process, particularly in financial markets, deteriorated this situation. One of the consequences of this deterioration was the increase in Turkish external debt stock by 49,6 billion dollars (Boratav, 2014, p. 187). Most of the foreign investments in Turkey created new debts and altered the exchange rates of the currencies in which the Turkish economy was in debt. Both contributing to the escalation of external debt stock (graph 6.5).

Graph 6.4: Foreign Direct Investment Inflows (%) 1980-2001



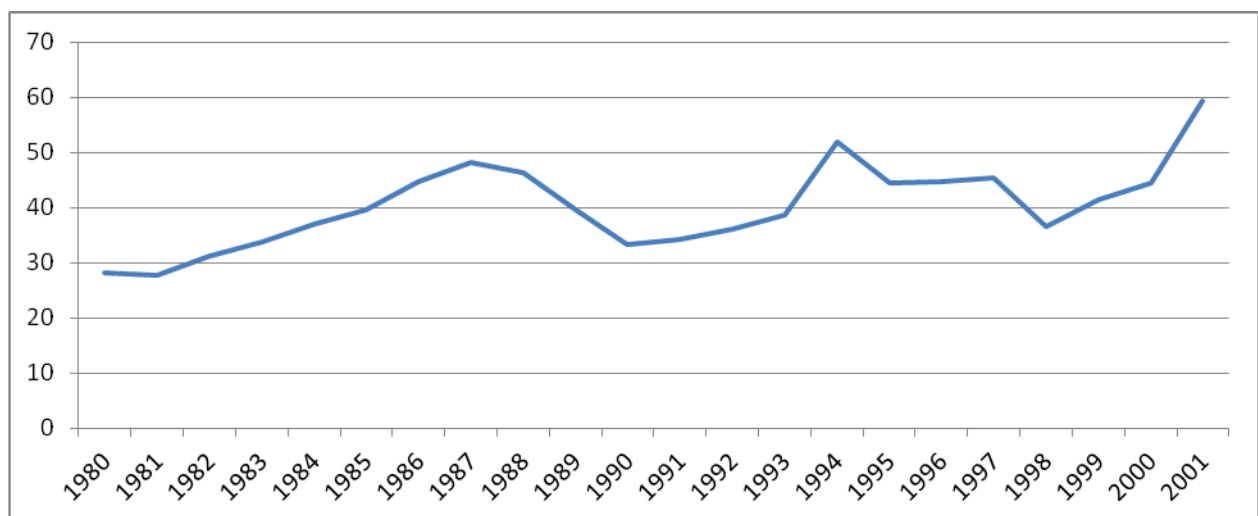
Source: World Bank

To summarize, during the five year period between 1989 and 1994, economic growth did not cause any dependence on external sources. Therefore, it did not create a structural current account deficit problem. However, higher levels of foreign investment inflows brought about new vulnerabilities which led to the 1994 economic crisis. However, in the second half of the 90's, although there was radical increase in FDI in terms of GDP percentage, it was not used to finance the chronic current account deficit problem of Turkey, which appeared in the same period. On the contrary, it influenced the consumption trends.

Another particular problem during the post-1994 period was a sharp disruption in the Turkish economy in 1999 as a result of the August of 1999 earthquake. Actually, the '99 crisis, in other words, the “earthquake depression”, was the final blow to the economy, which already started to repel foreign investment inflows beginning in 1998.

As it is mentioned before, after the liberalization of the capital movements, the current account balance of Turkey was not directly affected, however high trends in foreign capital inflows caused rapid external indebtedness. After 1998, this situation had changed. Particularly during the 2001 crisis, current account deficit became a structural problem in Turkey and external debt became heavily related to it. It is possible to observe this by looking at graph 6.3, 6.4 and 6.5 together.

Graph 6.5: External Debt Stock (%) 1980-2001



Source: World Bank

Another distinct figure of the first decade of the XXIst century was the inflation rates. Until the end of the 90's, attempts were made to control high inflation rates by using monetary instruments. However, as it can be seen in Graph 6.2, they failed. From 2000, the monetary strategies were left and the inflation rates showed significant decrease due to the newly

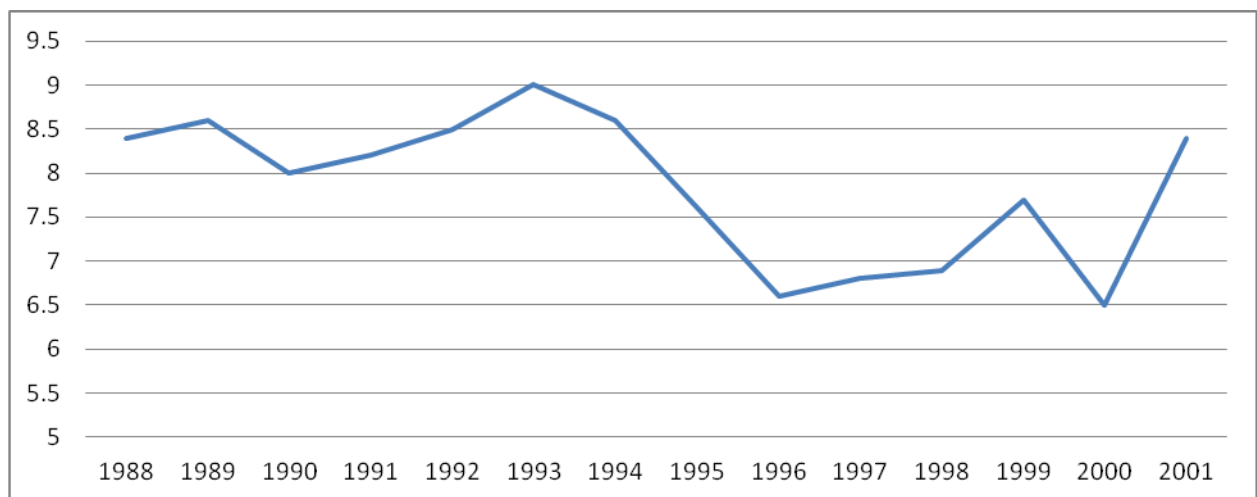
adopted exchange rate policies. In 2000, they decreased by almost 50% and since then the consumer price index has hovered around one digit levels. The inflation rates mainly depend on international prices and exchange rates; therefore, not only in Turkey but in most of the world economies, hyperinflation is no longer an important problem.

6.2 Turkish Welfare Regime Indicators for the 1980-2001 Period

The analysis of the Turkish Welfare Regime between 1980 and 2001 will be a brief one as the main question of this thesis is related to the following period. This brief statistical observation follows the previous categorization that we have followed in previous chapters of this work. The indicators were designed to respectively reflect the three spheres of a welfare regime which are labor market, social protection and households. However, the variables which are observed in the households sphere, such as household debt and savings, net disposable income, poverty gap, poverty rate and GINI coefficient, are not available for Turkey in any database. All the data respective to the mentioned indicators cover the period after 2001. As our main question concerns that period, this lack of data is not considered as a significant obstacle for our study. It only creates a deficiency in our historical descriptive analysis.

Turkish labor market conditions are examined by looking at the total, long term and female unemployment rates. The available data for those indicators are taken from the World Bank database and they all start from 1988. This permits us to make an historical analysis of the 90's until 2001.

Graph 6.6: Total Unemployment (%) 1980-2001



Source: World Bank

Graph 6.6 gives us an idea about the evolution of the total unemployment rate in the given period. We can say that the unemployment rate between 1988 and 1993 was above 8% of GDP and even passing 9% in 1993. However, although there were fluctuations, until 2001 it didn't increase like the first period of the decade.

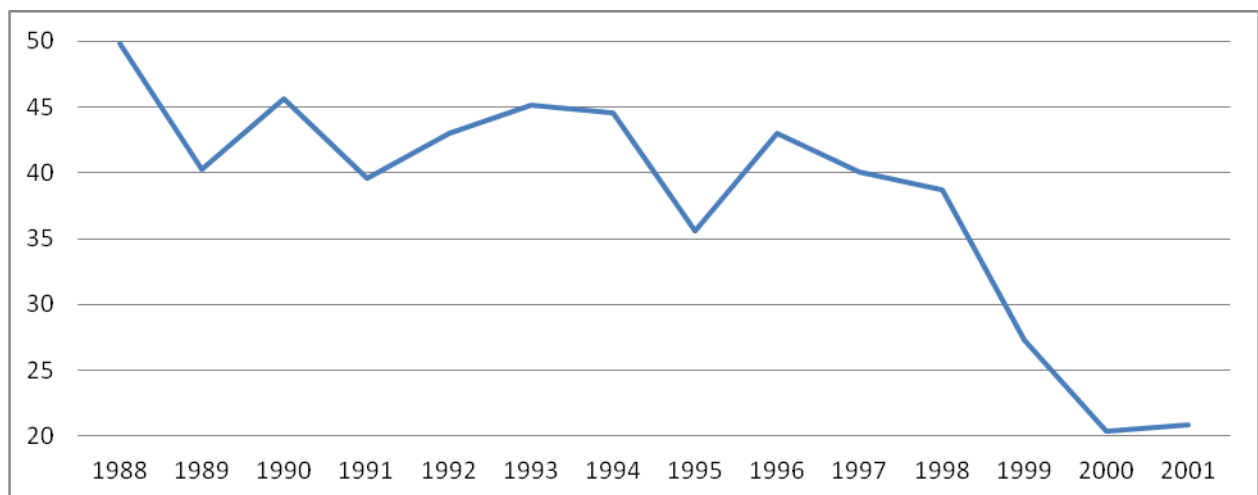
The reasons for the major unemployment problem of the 90's are generally related to the economy's inability to create job opportunities parallel to the increasing population rates. In those years, the industrialization process of the Turkish economy could not progress as it was expected and the agricultural sector was still dominating the labor market. These features of the economy could not provide enough investments to improve labor market conditions and they formed the base for a structural unemployment problem. Therefore, looking at the sectoral distribution of the unemployment data, it is not surprising to see that the concentration was mainly in the non-agricultural sectors. Furthermore, as a consequence of technological changes in agriculture and a the rapid urbanization process of the 90's, the labor force surplus was shifted mainly to the service sector in urban areas and informal employment started to appear as another problem in the Turkish labor market

(Bozdaglioglu, 2008). On the other hand, structural and conjunctural factors can also be listed as reasons for unemployment in Turkey. Particularly during the Gulf Crisis of 91', the Turkish financial crisis in 1994, the Golcuk earthquake of 99' and the severe 2001 Turkish economic crisis. These events triggered the unemployment rates' *increment* (graph 6.6).

Looking at graph 6.6 again, the year 1993 seems crucial for the total unemployment rates. However, that specific time is not related to any economic factor which would affect the labor market but rather a change in the calculation of unemployment data. The inclusion of self-employed people, part-time and family workers to the "employed" category affected the data analysis and reflected a deep decrease in the total unemployment graph.

"The 15th International Conference of Labour Statisticians adopted, in January 1993, a resolution concerning the ICSE which states...The ICSE-93 consists of the following groups... 1-Employees; among whom countries may need and be able to distinguish "employees with stable contracts" (including "regular employees"); 2- Employers; 3- Own-account workers; 4- Members of producers' cooperatives; 5- Contributing family workers; 6- Workers not classifiable by status." (International Classification by Status in Employment; ICSE-93, LABORSTA, ILO)

Graph 6.7: Long Term Unemployment (% of total unemployment) 1980-2001

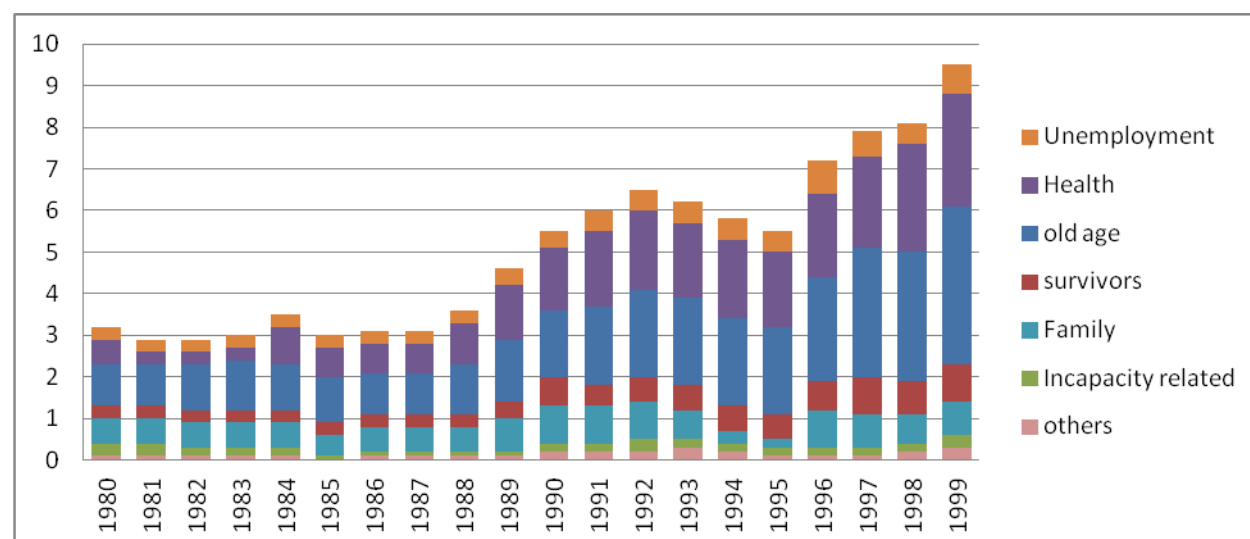


Source: World Bank

Long term unemployment as a percentage of total unemployment was about 50% in the beginning of the 90's and since then it adopted a decreasing shift until 2000 (graph 6.7). In 2000, the share of long term unemployment in total unemployment was about 20%. If we look at the gender distribution of long term unemployment in the beginning of the 90's, more than half of the unemployed people were women (Bildirici & Ersin & Turkmen & Yalcinkaya, 2012). Likewise, the total unemployment rates were increasing due to the 91' crisis. The increase in the long term unemployment rate went from 39,6% to 44,6% and it was the highest rate of this indicator until the 2001 crisis. The 94' financial crisis also had a significant impact on unemployment, particularly over female unemployment, by pushing it to its highest point of 56,1% (Bildirici & Ersin & Turkmen & Yalcinkaya, 2012, p. 27). The argument that is mentioned in the previous chapters about the direct impact of economic crises on women is also valid in this case. It is notable that, while Turkish long term unemployment had a relatively smooth course in the given period, the total unemployment rates were fluctuating more. Furthermore, the up and downs in the total unemployment

graphic reflect the impact of the economic crises of the 90's, a couple of years later than the breakdown.

Graph 6.8: Composition of Turkish Public Social Spending (% GDP) 1980-2001



Source: OECD

In the social protection sphere of the TWM, it is common to look at the evolution of total public social spending in terms of percentage of GDP and its sector composition. As it can be seen from graph 6.8, the social spending ratios were increasing almost continuously – except in three years; 1993, 1994 and 1995- and it is more than triples its percentage in 20 years from 3,1% to 9,6%. Throughout the given period, public spending in old age has been the leading sector but the major increase was observed in health spending participation from 0,6% to 2,7% (graph 6.8). What the statistical data tells us is that the public social spending had increased, especially in the second half of the 90's.

On the other hand, looking at the public social spending data does not give a full understanding of the social protection system in a country. Particularly in Turkey, where social protection system is a three legged one in which three different organizations - *Bag-*

Kur, *Emekli Sandigi* and *Sosyal Sigortalar*- exist for three distinct groups of people, it is necessary to look at the general features of the social security system.

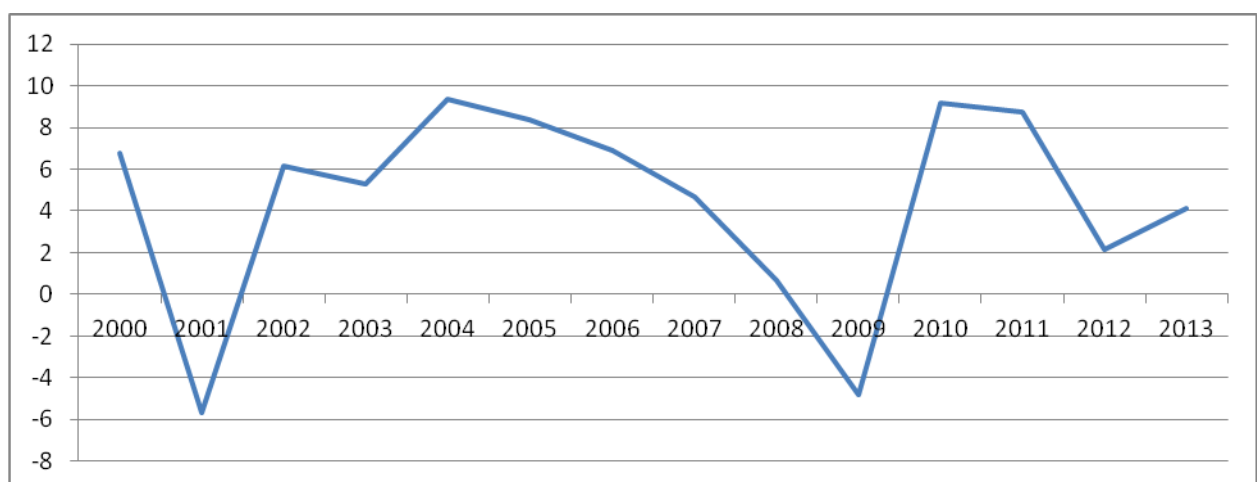
Social Insurance Institution, the main leg of the social security system in Turkey, was not directly financed by the state but rather through social security premiums paid by employers and employees. However, because of the difficulties of collecting those premiums and the imbalances between active and passive beneficiaries, both *SSK* and *Bag-Kur* had suffered from fiscal problems (Koray, 2012, p. 358). Using Koray's (2012) given data, the number of active beneficiaries was about five million in the beginning of the 80's and it climbed to 12 million in 2000. The dependent population was approximately 43 million people (if you consider the health service, the number goes an up to 60 million person). This disequilibrium explains the shortcomings of the social security system; particularly in the health sector. Throughout the 90's, a significant amount of the state budget was transmitted to the social protection system to solve its financial difficulties. This amount reached almost 10% of the whole budget by the end of 90's. In Turkey, where there already existed budgetary problems and weak perception of social state, it is considered as an assertive challenge to the economy. The Social Security Reform which will be analyzed in the next part was born from this predicament.

6.3 Macroeconomic look to post-2001 AKP Period

The end of the 90's and the first decade of the 2000's have been difficult for all world economies as they have suffered from various crises. Turkey's situation was not different from them. The stand-by agreements which had been arranged by the last *Ecevit* government (1999-2002) and the dominance of *Kemal Dervis* (the time's Vice President of World Bank) in the Turkish economy caused major dependency on the IMF. Meanwhile in

the political scene, one of the major conservative right parties, Welfare Party (Refah Partisi), had been shut down by the Constitutional Court in 1997 and gave birth to the establishment of the Justice and Development Party (AKP). The 2002 elections, being the first elections after the 2001 crisis, were a strong public reaction to the latest governments. AKP was the winner of this process. AKP government came to power in a post-crisis period and they were in power as a single party for three consecutive periods until the elections of June 2015. After the 2002 elections, a new phase in Turkish political economic history began. FDI inflows increased radically (graph 6.10) and Turkey was starting to be considered as a role model for other emerging markets.

Graph 6.9: GDP Growth Rate in post 2001

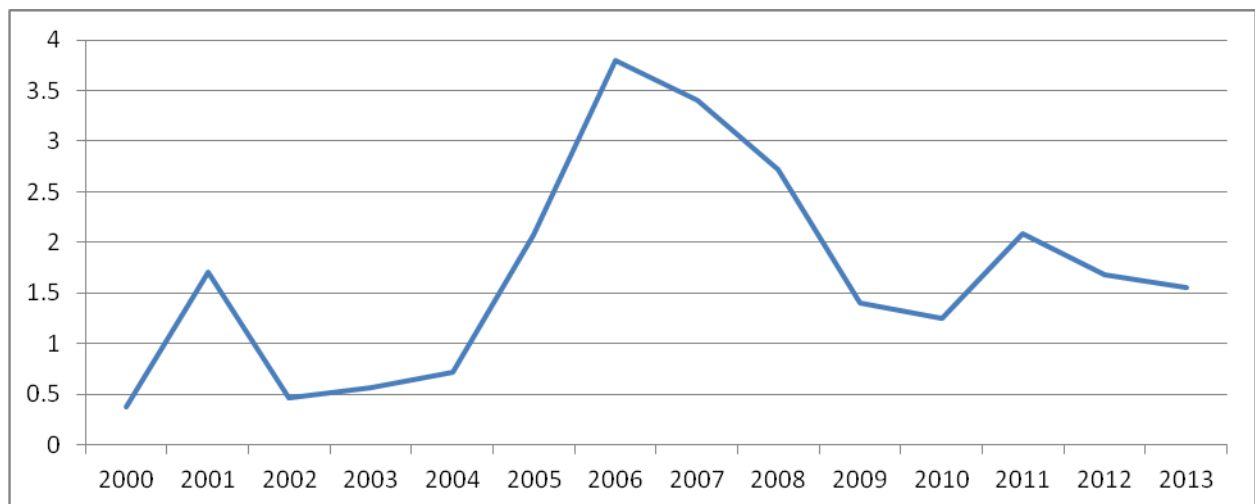


Source: World Bank

Looking at graph 6.9, it is possible to see the evolution of GDP growth during AKP governed periods. Two disruptions in 2001 and 2009 coincide with the economic crises; respectively the 2001 Turkish economic crisis and the 2007 global financial crisis. On the other hand, in 2004 and 2010, the economy reached its highest growth rates of 9,3% and 9,15%. The average growth rate for this period was around 4,4%, which can be considered as a significant rate. It is also important to note that the up and downs of the previous period are

not so common in AKP governed periods. Although the period includes two major crises, the rest of the period is following a relatively flat course. However, it is important to analyze the composition of this growth. To do so, we will be looking at foreign direct investment, current account balance, inflation and external debt stock as we did for the previous period.

Graph 6.10: Foreign Direct Investment post 2001 (%GDP)

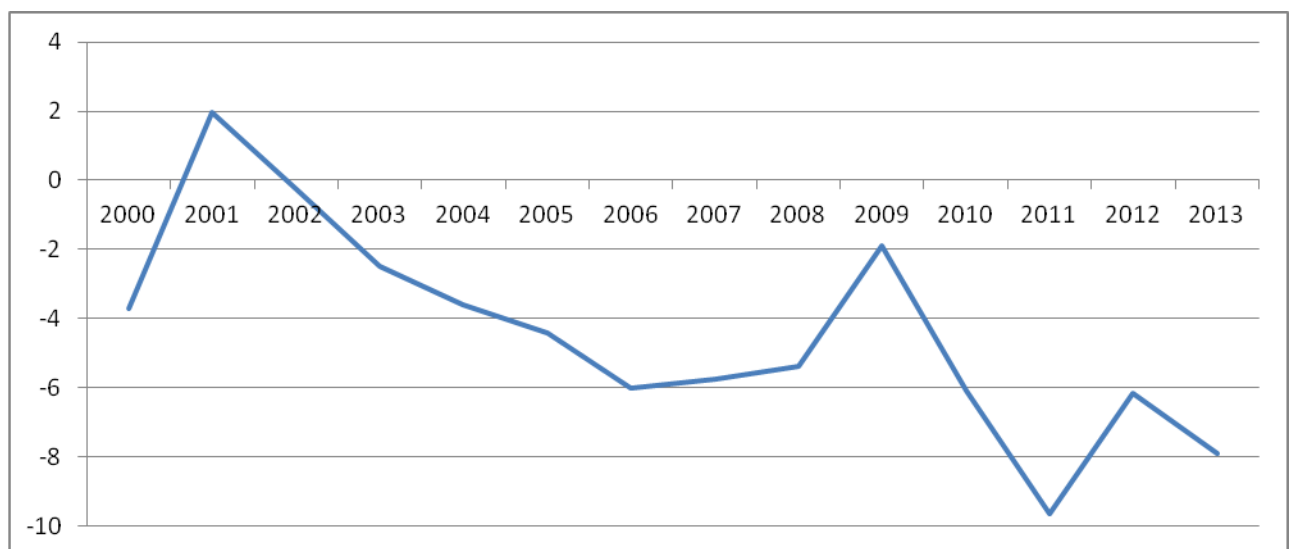


Source: World Bank

As we mentioned above, in the beginning of the first AKP governed period the FDI inflows increased radically and enabled the possibility of foreign exchange and also overvaluation of the local currency. However, they caused a decline in real export levels and also more dependency on imports (exports depend on cheaper capital goods imports) which resulted in a major current account deficit and external indebtedness. Much like the previous period, growth in the AKP period was mainly dependent on external resources. The average percentage of foreign direct investment inflows is about 1,6% and between 2004 and 2006 this rate increased by 3 points up to 3,7%. However, looking at the whole period, the FDI levels did not continuously grow. Following the impact of the global crisis, they did not return to peak levels and instead, stuck around 1,5%. It is also notable that “...this FDI is motivated by the privatisation policies...and real estate purchases by foreigners in Turkey

and was in the form of mergers and acquisitions rather than Greenfield investments” (Subasat, 2013, p. 14). Therefore this increase in FDI did not really contribute to the economy but had a short term statistical impact.

Graph 6.11: Current Account Balance in post 2001 (%GDP)



Source: OECD

Current account deficit is one of the major issues affecting the Turkish economy since 2002 and it is considered to be a structural problem. Deepening current account deficit by increasing dependency on imports and decreasing export levels obliges a country to depend more on external resources. Graph 6.11. shows the downward movement of the deficit particularly between 2001 and 2009 and it continues to deepen after the global financial crisis. The highest deficit of the decade was calculated to be -6% in 2006. However, the rate of -9,6% in 2011 is the record for the Turkish economy.

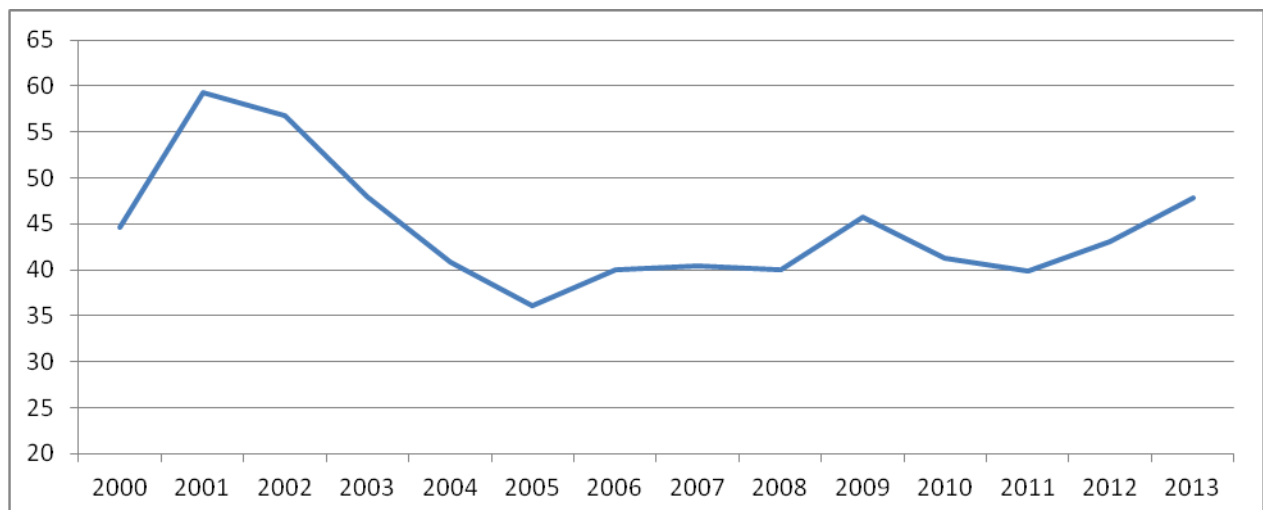
The AKP government and its advisors claim that the current account deficit is not necessarily a major problem for the economy but rather it is one of the consequences of a rapid growth rate. In addition to that, with increasing FDI levels, the risks related to this deficit are considered to be manageable. On the other hand, high FDI and import levels do not always

indicate an increase in investments. If the external resources are transmitted mainly to consumption without creating the base for new investments or to unproductive and speculative investments (mainly financial), a demand for continuous debt and more dependency on uncontrollable external factors is created. Again the main question revolves around, not the growth term, but the sustainability.

“Sustainability should be defined in terms of whether the external resources are productively used to construct the necessary economic capacity which will allow repayments. If the resources are invested in productive economic areas which will generate future capacity to repay liabilities, then running a current account deficit will cause no major problems and should be considered as sustainable regardless of how large it is. If the resources are invested into unproductive areas and used for consumption, however, the current account deficit should be considered unsustainable regardless of how small it is.”

(Subasat, 2013, p. 15)

Graph 6.12: External Debt Stock in post-2001 (%GDP)



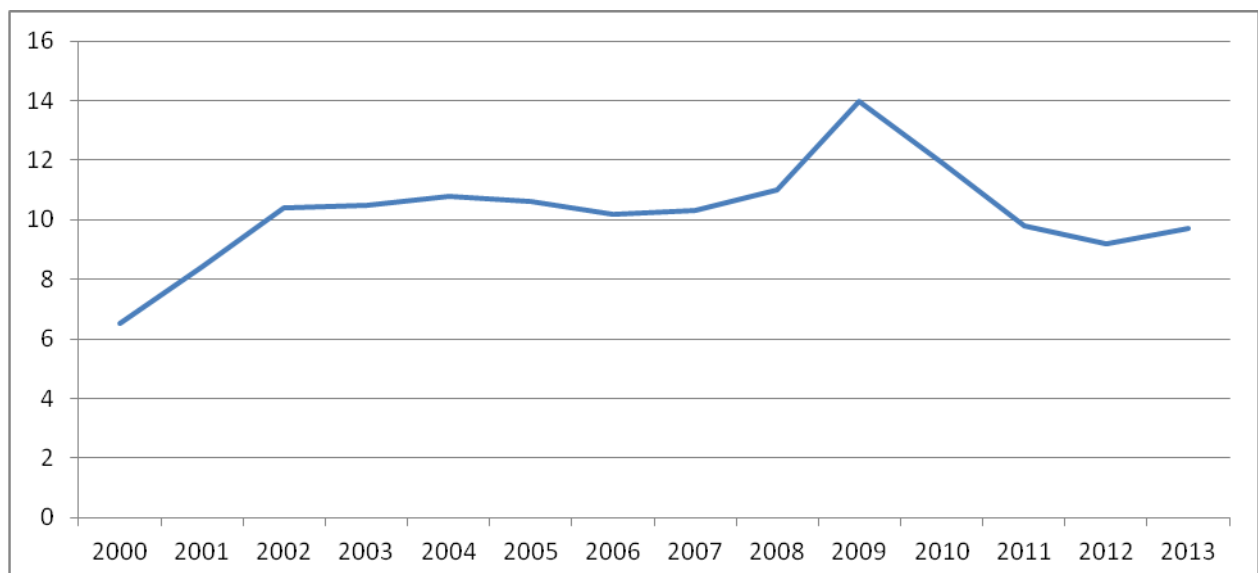
Source: World Bank

External debt stock as percentage of GDP is reflected in graph 6.12. From the graphic, it can be interpreted that, during the 2001 crisis, external debt increased drastically and that, since 2005, it continued to fluctuate but in a lower range. However, comparing it with the previous period, it is not possible to talk about a decrease. Furthermore, since 2011 it started to increase again. On the other hand, this indicator shows the ratio of external debt to GDP, whose sustainability is questionable because of the previously explained facts. When we look at external debt data in billions of dollars in the World Bank database, it is continuously increasing.

6.4 Turkish Welfare Regime in AKP Period

The 2001 crisis was a significant turning point in Turkish political economic history. Like we mentioned before, it was not only an economic crisis but also brought up a political one. That is why we chose this year as the beginning for the last period of our analysis.

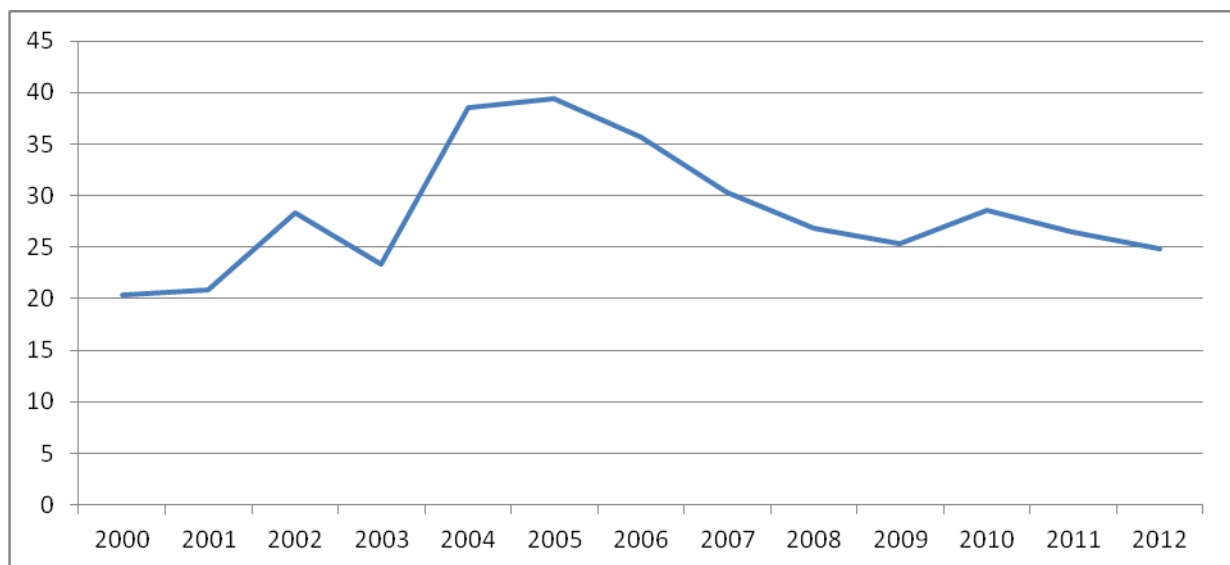
Graph 6.13: Total Unemployment post-2001 (%GDP)



Source: World Bank

The upward tendency of the total unemployment rate during the 2001 crisis gave way to a flatter course, however it never went back to its level from 2000 (graph 6.13). Without any decrease, the unemployment level stayed around 11% until 2007. However, like all world economies, the global financial crisis of 2007 also affected the Turkish economy and total unemployment in terms of GDP percentage reached 14% in 2009. As the impacts of the global breakdown started lessening, the rates decreased again and this time it stayed around 9%. The average total unemployment rate during three consecutive AKP governed periods was about 10,5%. In making a historical comparison with the previous period, the unemployment rates in 2009 are the highest ones. It also supports the theory that high and increasing GDP growth rates did not create any job opportunities in the economy.

Graph 6.14: Long Term Unemployment post-2001 (% total unemployment)



Source: World Bank

Looking at long term unemployment, the image is worse for the first half of the decade and it started to recover after 2009. During the first AKP governed period, which was officially between 2003 and 2007, almost half of unemployed people were long term unemployed. This term refers to the fact that they were looking for jobs or not working for a year or

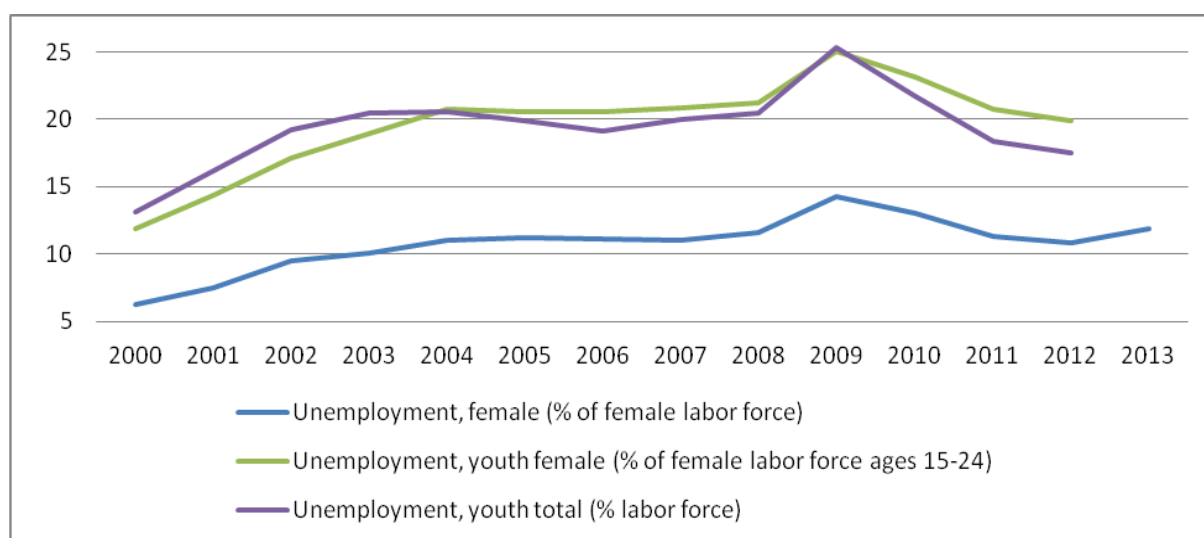
more. However, since 2005, long term unemployment's participation within the unemployed population has decreased. Unlike the total unemployment's tendency, long term unemployment had a more optimistic image in the first decade of 2000's.

The gender and age distribution of the unemployment are also significant phenomenon of the labor market. We will be considering them together in order to reflect multiple interpretations.

It can be seen that the female unemployment rate in percentage of female labor force fluctuates between 5% and 14%. The highest rate was experienced during the recent global financial crisis. This rate does not seem so high however it can be related to the exclusion of most women from female labor force definition. On the other hand, the percentage of unemployed female youth, ages 15 to 24, within the female labor force is relatively high – reaching 25% in 2009. It can be summarized by stating that, although unemployment does not seem to be a critical problem among the female population, when looking at the young population, one quarter of the young females are unemployed. Therefore, we can say that the Turkish labor market is not creating new job opportunities for the coming generations and the job market is shrinking for women. On the other hand, youth unemployment within the total labor force is also high. However, it shows a relatively high rate of decrease after 2009.

Looking at the gender and age distribution of unemployment in the post-2001 financial crisis period, the ratios had a flat course until 2008. At the time, because of the impact of the 2007 global crisis, they started to increase. Although they initiated a decreasing tendency starting in 2009, the ratios did not return to their levels from the beginning of the decade.

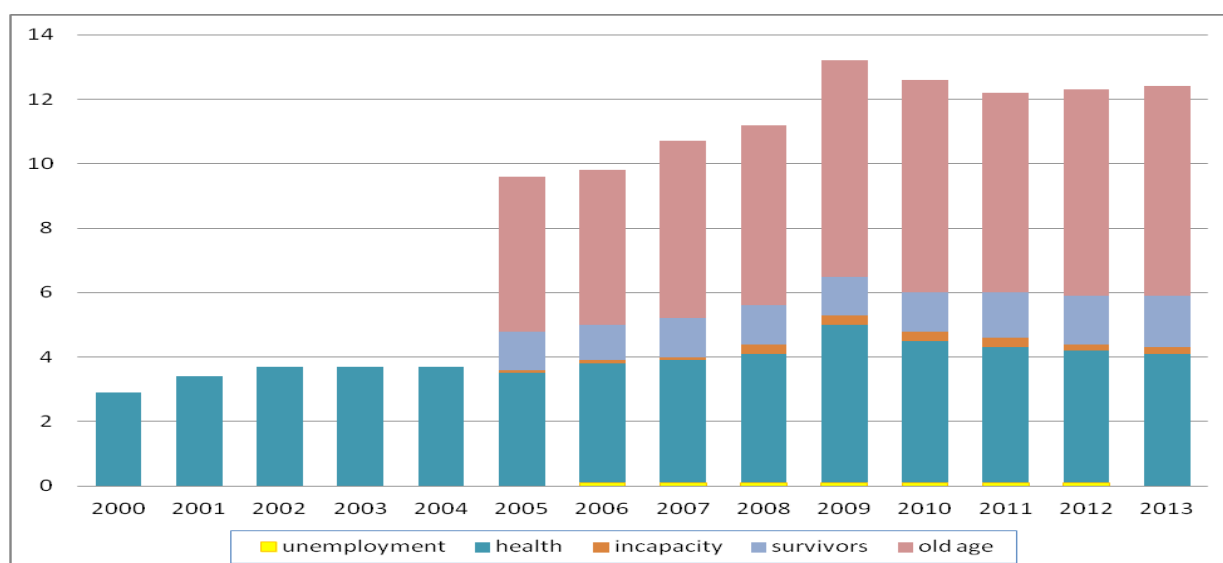
Graph 6.15: Gender and Age Distribution of Unemployment in post-2001 period



Source: World Bank

Although it does not give us a clear idea about the state's role in welfare provision, public social spending data is also analyzed for the post-2001 period (graph 6.16). The OECD database doesn't provide the total social spending percentage for the first five years, between 2000 and 2005, due to the lack of data of some sectoral social spending. The average total public social spending for the last almost ten years is around 11,5%. This indicates to a radical increase of this indicator when comparing it with the previous period. Much like pre-2001, old age and health spending are major categories within the total. The general rise in each sector after 2008 can be interpreted as the impact of the global crisis and the attempt by the state's part to minimize this impact on welfare provision.

Graph 6.16: Composition of Public Social Spending in post-2001 period

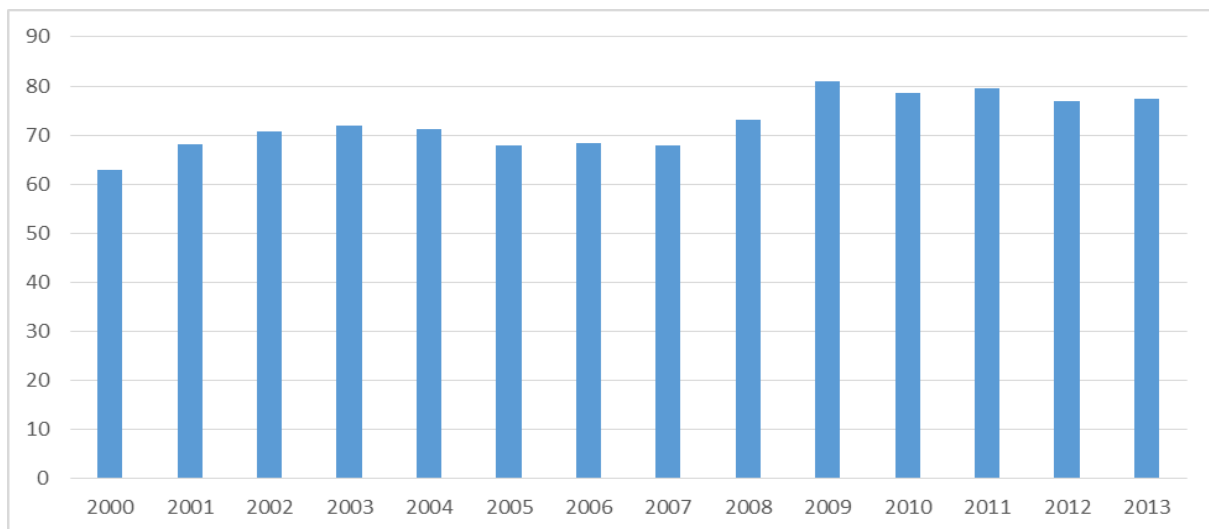


Source: OECD

Looking at the very same graphic 6.16, the composition also reflects the proportion of health spending within total social spending. Until 2008, around 4% of the total GDP was spent on the public health sector and there was a gradual increase between 2004 and 2008. In 2009, this proportion increased profoundly, causing a similar increase in the total public spending. This radical increase was followed by a gradual decrease during the last four years until 2013. In 2013, the health public spending data returned to its levels from 2008.

As it can be seen from graph 6.17, the public share of the total health spending was around 70% until 2008. From that year on, the levels increased and the average exceeded 75%. The increases in the year 2009, which were observed in the last three graphics, can be explained by the slight impact of the crisis on Turkish welfare, which more state intervention tried to cover.

Graph 6.17: The percentage of public health expenditure within the total health expenditure (%)



Source: World Bank

In addition, during the years following 2011 that are included on the graph 6.17, the public share relatively backed off. In other words, it left the floor to the private sector. The privatization of the health sector in Turkey is also related to the Social Security Reform that was adopted in 2006. In chapter 7, this reform will be explained in detail.

Much like the previous chapters, for the pension coverage data, we considered the World Bank's coverage definitions, first and second, for 2008 Turkish data. In Table 6.2, the number of beneficiaries and the demographic information in thousands are also reflected.

Table 6.1: Turkish Pension Coverages in 2008

Total Old Age Beneficiaries	5,900,000
Total Number of Beneficiaries, including survivors, disability and others	8,200,000
Population over 65 years	4,304,669
Total Population	73,914,260
First Beneficiaries Coverage Definition <i>(old-age pensioners/pop 65+)</i>	1.3706%
Second Beneficiaries Coverage Definition <i>(all pensioners / tot. pop.)</i>	0.1109%
Schemes Included	National Scheme

Source: World Bank

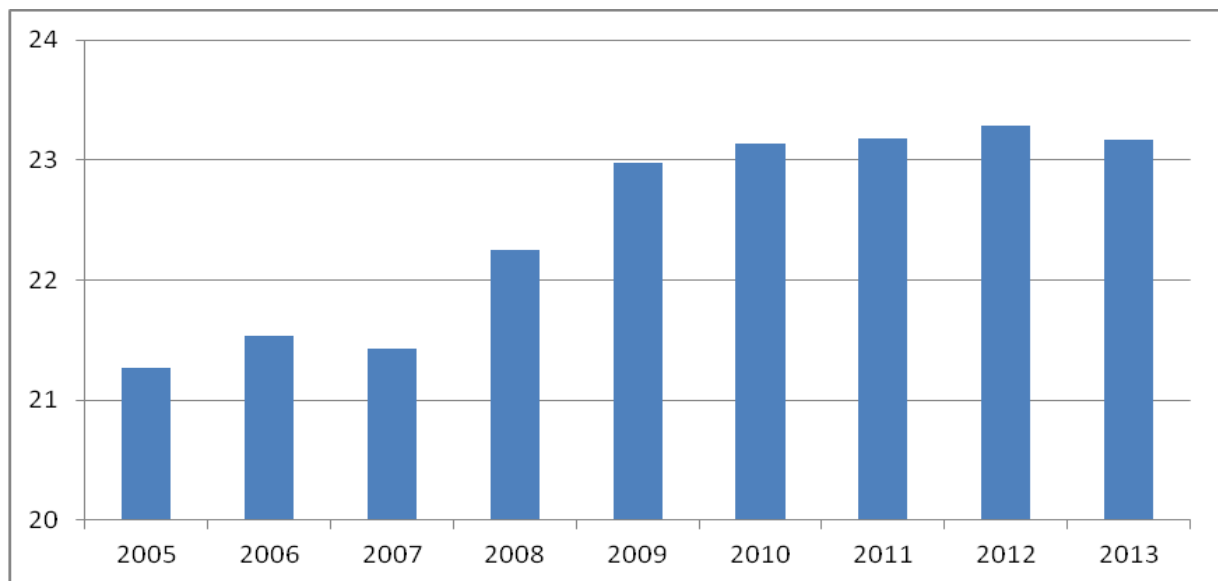
In 2008, the Turkish population was around 73 million with 4,3 million people over the age of 65. However, total old age beneficiaries were above that number with almost six million. Parallel to the cases we saw with other European countries, the number of old age beneficiaries also includes the early retired people. On the other hand, the second beneficiaries coverage used to calculate the ratio of total number of beneficiaries –old age, disability, survivors and others- is only about 0,11, which is a significantly low rate.

Net Replacement Rates of Unemployment Benefits during the AKP governed period are not available for the entire period; therefore the data is taken from between 2005 and 2013. Those World Bank rates are also calculated by excluding social assistance and housing benefits. Although the WB calculates it depending on average worker¹², because of the lack of data the calculations depend on average production worker¹³.

¹² Definition of “Average Worker” in the World Bank database is “An adult full-time worker in the covered industry sectors whose wage earnings are equal to the average wage earnings of such workers”.

¹³ Definition of “Average Product Worker” in the World Bank database is “An adult full-time employee in sector D of revision 3 or the International Standard Classification of All Economic Activities, whose wage earnings are equal to the average wage earnings of such workers”

Graph 6.18: Turkey's Net Replacement Rates



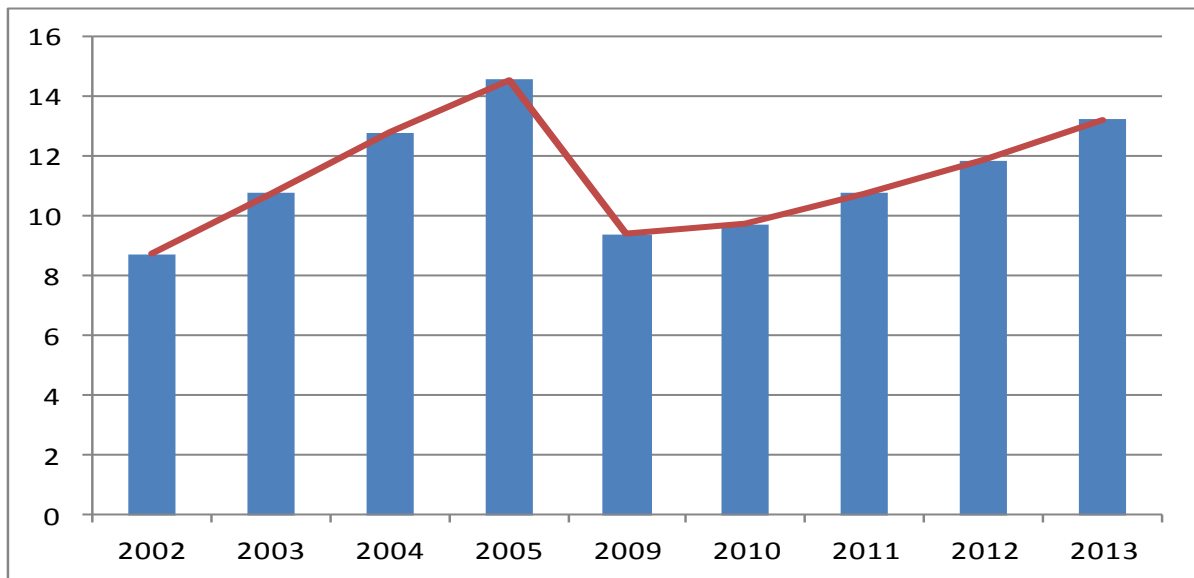
Source: World Bank

Net Replacement Rates experienced a great increase since 2008, exceeding 23% . The radical difference between 2007, 2008 and 2009 are considered to be the results of Turkish Social Security Reform which deeply affected the recent welfare statistics.

Data related to Turkish households are the most difficult to find. Data for household disposable income and household liabilities are collected from TUIK's and Turkish Republic Central Bank's financial reports. The calculations that were used in the reports are distinct from each other. Therefore, the data was structured by me in order to compare each year's data in an historical time series.

The first graph about households reflects the average net disposable income per household. According to TUIK's reports, average refers to the medium of five 20% quintiles of the population which at the same time can give an idea about the distribution of this income. Additionally, the available data are in billions of Turkish liras.

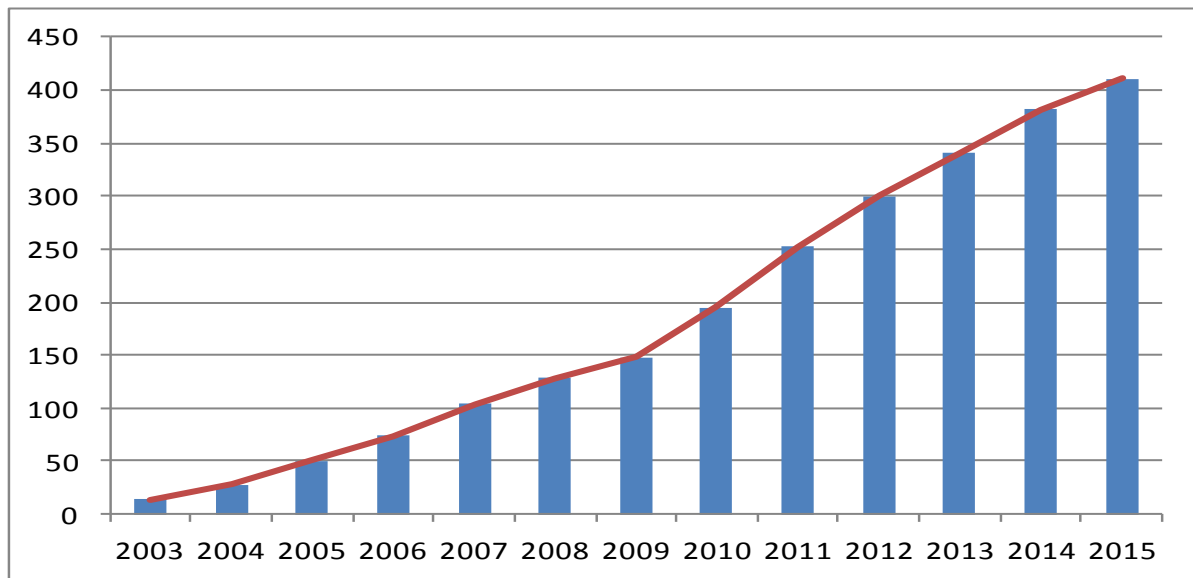
Graph 6.19: Average net Disposable Income per Household (in billions of liras)



Source: TUIK

In the first AKP governed period, the income per household in thousands of Turkish liras increased without an interruption. In four years, between 2002 and 2005, it almost doubled from 8 billion liras to more than 14 billion. Although we lack the data for the years 2006, 2007 and 2008; it is still possible to comment by analyzing data historically in 2009 with 9.4 billion TL average, the household disposable income had been under the influence of the crisis. Although there seems to be a gradual increase in the post-2009 period, by 2013 it had not reached the levels from 2005.

Graph 6.20: Household Liabilities (in billions of liras)



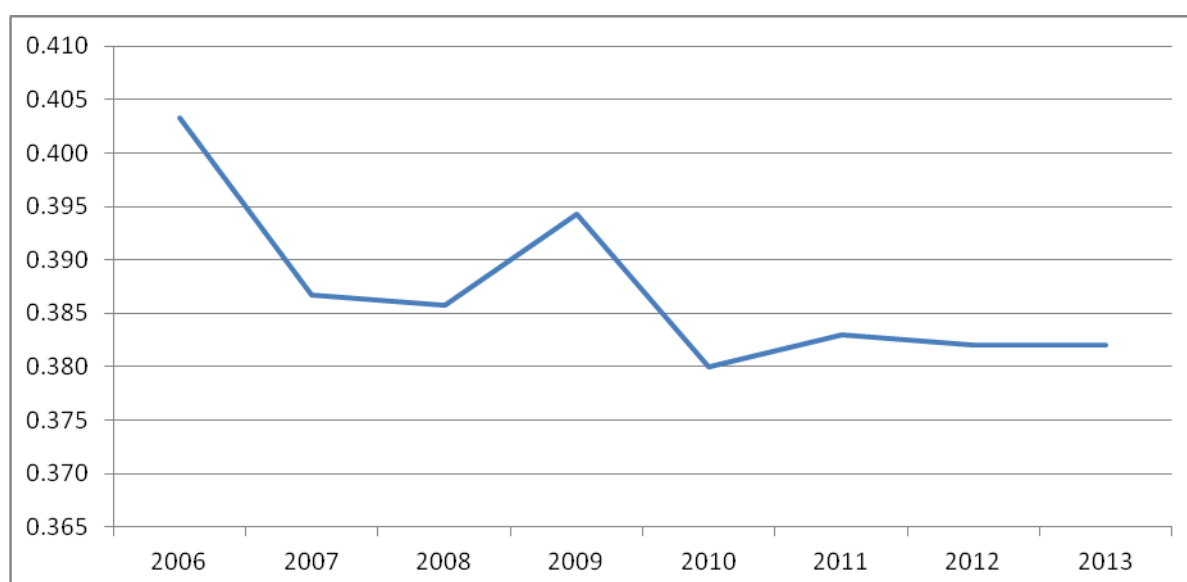
Source: CBTR

On the other hand, household liabilities increased gradually. The rate even jumped after 2009. It is important to mention that the graph doesn't reflect the average but the total household liabilities. Therefore, the comparison in terms of Turkish liras between the previous graph is not significant. However, comparing the trends of both graphics is crucial in order to see how indebtedness of households did not stop growing while average incomes receded. Additionally, the rate of this growth is radical. According to the financial stability reports of the Turkish Republic Central Bank, in the 12 years of three AKP governments, the households' liabilities increased from 13.442 billion liras to 410.7 billion, multiplying it by 30. The composition of this new debt is mainly dominated by real estate and consumer loans.

However, the GINI coefficient graph shows significant variations. Looking at graph 6.21, from 2006 until 2007, the ratio decreases significantly (from 0.404 to 0.387). Although it was relatively stable until 2008, it increased in 2009 and it decreases again, even falling to 0.380 in 2010. It lets us comment that inequality levels, according to GINI Coefficient, decreased

until 2010, except one year where the impact of the crisis was felt profoundly. Even in 2013, the numbers still did not indicate an inequality level like the year 2006. After 2010, GINI returned to have an increasing tendency.

Graph 6.21: GINI Coefficient



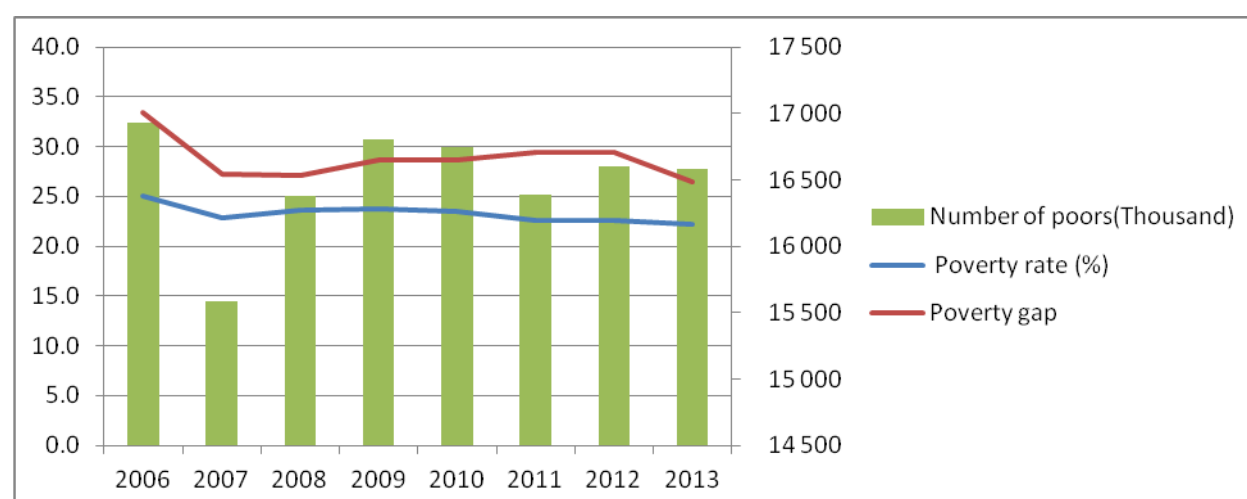
Source: TUIK

The last indicators regarding Turkish households are related to poverty. Using several databases caused difficulties in data comparison. In this chapter, TUIK data is used for poverty indicators, therefore it is important to mention TUIK's definition for its calculations. According to TUIK; "Poverty gap is calculated as this formula: $\text{Poverty gap} = ((\text{Poverty threshold} - \text{Median income of poors by EII}) / \text{Poverty threshold}) * 100$ " (TURKSTAT, Income and Living Conditions Survey, 2006-2013) and "In poverty calculation, equivalised household incomes are corrected with CPI based on Level 2" (TURKSTAT, Income and Living Conditions Survey, 2006-2013).

The poverty gap, poverty rate and the number of people under the poverty line are observed together in graph 6.22. Poverty rates of TUIK indicate the proportion of people

that live under the poverty line in that specific year. Therefore, for the same period of time, poverty indicators don't give a pessimistic image in terms of their evolution but neither have they indicated progress. Poverty rates slowed down a little in a five year period but it still continued to be around 22%. The poverty gap in Turkey had fluctuations, particularly after 2008, yet in the last year of the observed period, between 2012 and 2013, it shows a radical progress. However, looking at the average of the TUIK data, almost one quarter of the population is living under the poverty line.

Graph 6.22: Poverty Rate and Poverty Gap in percentages (left axis) and Number of Poors in thousands (right axis)



Source: TUIK

On the other hand, the number of people under poverty line who are defined as poor according to TUIK data still indicates high numbers. More than 16 million people are living under the poverty line. Additionally, the evolution of this data does not let us forecast progressive numbers for the following years.

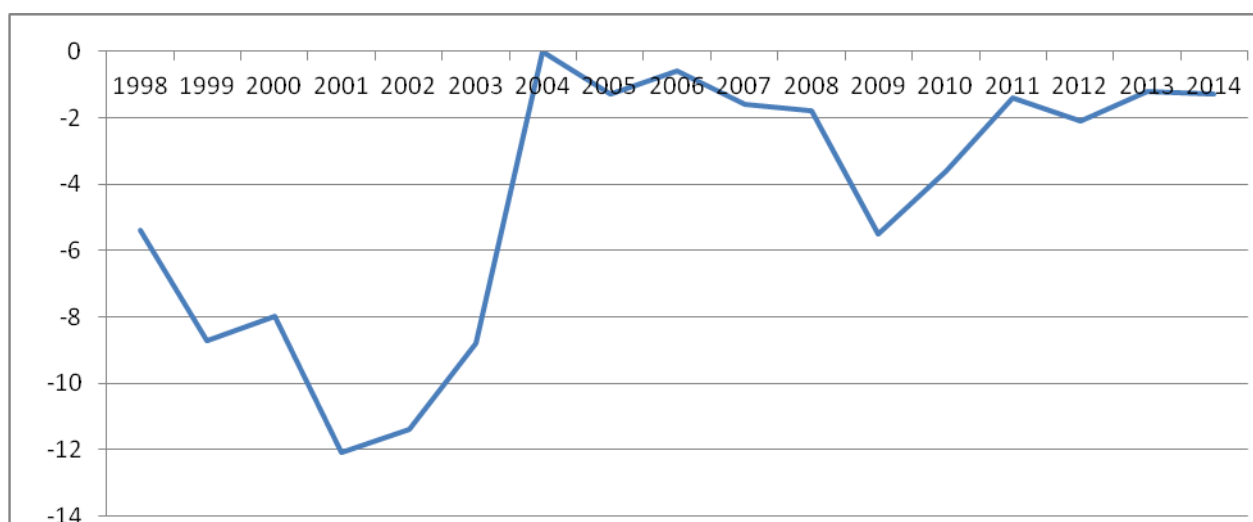
6.5 Social Security Reform

“Membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and

respect for and protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.” (Copenhagen Criteria; European Council Official Web site)

Turkey’s journey within the accession processes to the European Union is a long one. In 1999, it was recognized as a candidate country and since 2004 the negotiations have started and still continue. These negotiations depend on the requirements of the Copenhagen Criteria which cover all member and candidate countries. Although a social security system is not directly mentioned, the financial and social requirements of the criteria indirectly include the regulation of the social protection mechanism. In the 2002 and 2003 reports from the Council Decisions, it is stated that the functioning of the mechanism is crucial for economic and fiscal stability and it is a part of financial requirements. (Elveren, 2007, 216)

Graph 6.23: Public Deficit (%GNP)

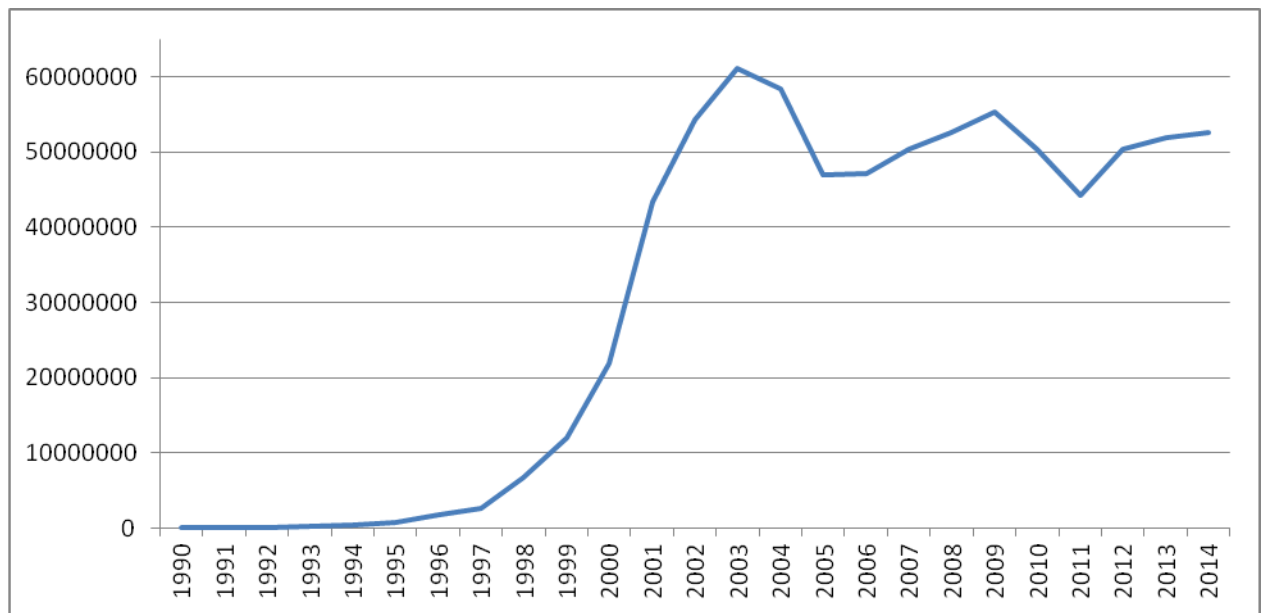


Source: TUIK

Turkish Social Security Reform, which was accepted in 2006, was planned as a step forward in the negotiation process with the EU. Although the Union had an image of pro-state support in social protection, looking at their social and financial statements together, it is easy to see that the reforms include major cutbacks in public spending which is parallel to the neoliberal agenda.

The Social Security System in Turkey was divided into three branches as we indicated before and the system was showing a deficit since the 90's, particularly a deep one during the 2001 crisis (Graph 6.23). However looking at the data which is available in the previous part of this thesis, the public spending rates are lower than the EU average. This rate, combined with a significantly increasing deficit, makes us question the causes of this shortfall. Drastically increasing interest payments on domestic debt, which are the results of ongoing IMF stand-by agreements from the beginning of the first decade of 2000's, are considered to be one of the main reasons for this deficit. (Graph 6.24) (Elveren, 2007, p. 218) In addition to that, as previously mentioned, the imbalances between active and passive beneficiaries are argued as the other main reason of the social security system deficit.

Graph 6.24: Interest Payments on Public Spending (Billions of TL)



Source: TUIK

As a consequence of this ascent in public deficit and its interests and also entailment of some reforms for the EU accession process, Social Security Reform became a significant primacy for Turkish governments. In 2006, the new Social Security Reform came into force and it changed the whole ongoing mechanism of the Turkish social protection system. The reform includes three main titles which can be summarized as;

Social Insurances and General Health Insurance System which covers all citizens rather than categorizing them by their professions, age etc. and the coverage includes only basic health services. The financing of the system depends on the compulsory tax revenues that will be collected from citizens.

The establishment of Social Security Institution (SGK) which gathers SSK, ES and Bag-Kur ,which were the three main branches of the previous social protection system, under one roof and like the first title, it aims to eliminate the distinct categorization of various groups.

Social Assistances and Payments without Premium

“General Health Insurance System” is significant as it was the first time in the Turkish social protection system where everyone was covered basically, including children less than 18 of age, without considering the financial and social conditions of their responsible guardian. Some of the important articles of the system are as follows: Protective health services, substance addiction services and alternative reproduction services are included in this coverage for the first time. According to the reform, additional costs for the domestically treatable patients and the costs of overseas treatments are also included. To benefit from health services, the requirement was decreased to 30 days of premium payment and for those in debt, ER services are also provided. The contribution margin is also being decreased and the ceiling is accepted as 75% of the minimum wage. In addition to that, the conditions which are exempted from that margin are widened. Health services are provided by public and private institutions allowing for the beneficiaries who follow the referral chain to have opportunities to choose between various facilities and even medical staff. (Demirci, 2006)

“Social Insurances” refer to the retirement system, which provides the same rights and obligations to all active citizens without considering their occupation. In general terms; the retirement age for women is 58 and for men it is 60. The system requires 9000 days of premium payment to retire. However, for the ones who are not able to pay this premium, 3 years will be added to their minimum retirement age and by paying 5400 days of premium, they can have the right to a retirement pension. In the new pension system, all the payments, salaries, wage increases and compensations depend on “income basic to premium”.

Lastly, the law which is related to “Social Assistances and Payments without Premium” defines social assistances as a right accessible for all citizens in a fair and objective way. Objectivity and fairness bring the demand for social analysis in order to determine family’s and people’s standard of living, poverty conditions and analysis of necessities.

Social Security Reform, which was prepared as an alternative to the worsening situation of the previous system that suffered from an increasing deficit, brought up some precautions. Alper (2011), in his article called “Reform in the Turkish Social Security System and Expectations about Financing” listed those precautions as the ones which aim to increase social security incomes and the others to decrease costs. The first group can be listed as: prevention of informal labor and increase in the number of active premium payer beneficiaries, expansion of the scope of “income basic to premium”, increase in the premium payment duration and the number of premium payment days, rise in the proportion of premiums and their collections and lastly, a rise in state contribution. On the other hand, the precautions for cost minimization are: decrease in administrative costs and also in salaries by changing the methods of calculating them, increase in retirement ages and minimizing health spending.

On the other hand, there are social consequences to the Reform. Addressing the General Health Insurance, although it offers a wide coverage which includes all citizens, the statement of “basically” is controversial.

“One of the issues that should be kept in mind while determining the basic security package is that the system should be established on a financially sustainable basis in order to ensure the continuity of the implementation. Therefore, during the process of determining the scope of the package, resolution of the general and prioritized health problems of the

society and the individual will be focused on. Thus, exceptional topics and services that would financially endanger the implementation will not be included in the package in priority.” (Elveren, 2007, p. 221)

At this point, although the new social security system functions parallel to its financial sustainability goal, it also contradicts with the idea of equality, fair distribution and the fight against poverty.

THIRD PART

7 TURKEY’S POSITION WITHIN THE SOUTHERN EUROPEAN WELFARE REGIME MODEL

Academicians have tried to answer the question of “What is Southern Europe?” since the 80’s. As it is mentioned in the previous chapters of this thesis, there are various opinions on the subject. Considering Southern Europe in terms of geography, it is possible to talk about a wide region from Portugal to Turkey including Spain, Italy, Greece, the South of France, some of the Balkan States and even Malta and Cyprus. However geographical frontiers do not always answer to political, economical and sociological regional studies. Taking into account historical backgrounds, socioeconomic features, collective memories and political interests of the countries is also significant in the formation of the country groups.

In our work, the countries that are defined as members of Southern Europe are Portugal, Spain, Italy and Greece. Other geographically close countries are not included because of their international political stand point. Being a member of EU and NATO are two main reasons for this exclusion. In addition to that, due to being influenced by the former Soviet Bloc, Balkan States on the Mediterranean coasts are also not included. On the other hand, in opposition to the mentioned exclusion reasons, Southern France is not considered as Southern European because of its high economic level relative to the rest of the members. Although each excluded country opens the way for new studies, we will be focusing on Turkish case.

In this chapter, we will compare welfare characteristics of Turkey with the Southern European countries’ in order to answer the question “Is it possible to include Turkey into the Southern European Welfare Regime Model?” To do this, it is first necessary to analyze both

sides' general features considering their historical backgrounds, economic development processes and cultural tendencies. Although this comparison doesn't directly relate to an analysis of welfare models, it justifies the formulation of our main question by explaining the selection of Turkey in this study. Formation of general framework makes up the first part of this chapter. In the second part, specific welfare indicators that are analyzed throughout this thesis will be observed together. By comparing the similarities of the Turkish welfare regime with its Southern European counterparts, we will evaluate the possibility of locating the country into the group. "Familism", being the most important characteristic of the Southern European welfare regime which distinguishes them from other Conservative welfare regime countries, will make up the third part of this chapter. The role of families in four southern countries and in Turkey will be put together to see if they correspond to the defined characteristics of the Southern European Welfare Regime Model.

7.1 General Framework: Is Turkey a part of Southern Europe?

The four countries that are accepted as Southern European ones carry similar experiences in their state-formation and democratization process. Even during the age of nationalism, in the 19th century, the consecutive liberalization of Greece and Italy and the revolutionary movements in Portugal brought about suspicions in regards to the region's political stability and gathered "Great Powers" to secure the cohesion of the European region. (Pedaliu, 2010)

Towards the end of the 19th century and in the beginning of the 20th, all those countries had gone through a rudimentary industrialization process which can be associated with their underdeveloped and mainly agricultural economic background. Similarly, social changes kept the same path. Social conflicts and the marginalization of some parts of the society,

mainly the working class, with weak democratic institutions that had adopted clientelist and patronage politics became common features of Southern Europe. Those communalities caused all mentioned southern countries to experience military coups, authoritarian governments and dictatorships.

Turkey, on the other hand, can also be associated with a late industrialization process, democratic failures by military interruptions and social conflicts that could not be managed properly as a result of similar fragile actors of Turkish democracy. To what extent, those similarities can permit inclusion of Turkey to Southern European group is here analyzed point by point.

Past Authoritarian Governments and Democratic Transition Processes

Four of the Southern European countries have a history of fascist dictatorships with the exception of the Greek military junta period (1967-1974) which can be called a “regime of exception” (Pinto, 2010). Italy (1922-1943), Portugal (1933-1974) and Spain (1939-75) had long-lasting authoritative governments, each lasting more than 20 years. In each case, the end of the authoritarian regimes gave rise to a democratization process by using similar instruments. A common experience of dictatorship brought a common transition period which enabled their convergence in terms of their political history.

“The historical memory of an authoritarian regime may also serve to continue to ensure conciliatory behaviour and support for the basic rules of the democratic regime. In the absence of an extremely repressive regime and the memory of such a regime, it may be more difficult for political elites to unify to try to guarantee the continued existence of their democracy.” (McLaren & Cop, 2011, p. 17)

According to the article of Pinto (2010), the nature of democratization in the four countries had shown the signs of six main dimensions of transitional justice processes: criminal, historical, reparatory, administrative, institutional and redistributive. Looking at the transition periods of Portugal, Greece, Italy and Spain, the common instruments of the democratization processes are mainly criminalization and purging.

In Spain, the authoritarian regime by Franco was established as a result of the Spanish Civil War, in which thousands were imprisoned or executed and right-wing nationalists achieved victory. The regime under Franco's rule lasted more than thirty five years and the repression of ethnic, political, ideological or religious opposition was brutal. On the other hand, strong and long-lasting state violence against the majority of the population had a reverse impact, leading to a determined transition process in post-Franco period.

The Spanish transition process is controversial for having experienced a brutal dictatorial past and trying to overcome it by not dealing with it. After the Franco regime, when the Socialist party (PSOE) came into power in 1982, none of the transition instruments such as judicial measures or purging were used by the new government. All human rights violations of the previous period were left uninvestigated. As Gunther (2004) stated, the regime change in Spain did not have a revolutionary character but instead a reformist one which "...characterized by respect for the authoritarian system in terms of political structure, institutions and judicial framework" (Pinto, 2010, p. 351).

The Greek post-civil war regime, after 1949, was also repressive and it radically polarized the Greek society, generally between the nationalists and the communists. Similar to the Spanish, the oppression was harsh and the leftist groups were banned from various state institutions. Surveillance, imprisonment and executions were also instruments of the

authoritative regime. The instability of Greek politics and economy during the 60's ended with the 1967 coup d'état, which enabled the establishment of the military regime that would last until 1974. The undemocratic character of Greek politics did not face a radical change. As during the new military regime, the tactics of pressure, censorship, dismissals, imprisonment and the targeting of specific political groups continued to be the main instruments of the repressive government. The events of November 1973, brutal attacks on the students who occupied university buildings, "although not on the scale of the brutality carried out in the early Franco regime, this...may have been enough to convince citizens and civilian opposition from all political leanings that an authoritarian regime was to be avoided at all costs in the future." (Mclaren & Cop, 2011, p.19)

After the collapse of the Junta regime in Greece, the election of 1974 and the referendum in 1975, Greece decided not to return to monarchy and initiated a transition period. The original feature of Greek democratization was that the transition was initially managed by a right-wing government. Karamanli's conservative New Democracy party used all judiciary and criminal instruments against the supporters of the previous regime. The supporters among universities, police departments, the public sector and civil servants were punished and purged. This period came to an end in 1981 when the Socialist Party (PASOK) came to power.

As the third country in the group, Italy also had experienced a similar democratization process starting with the fall of Mussolini in 1943, dominated by various political and military actors like anti-Fascist militias and Allied military forces. In late 1945, Mussolini was captured and executed and his body was hung upside down in Milan for public viewing. With the 1946 referendum, Italy became a Republic. Afterwards, particularly in the northern

part of the country, the criminal and administrative forms of transitional justice, which refers to the trials of the second half of the 40s and harsh purging, became effective.

Lastly, in 1974, the Portuguese dictatorship had collapsed after the Carnation Revolution and the transition period afterwards was managed by military-led but anti-authoritarian governments. Looking at the transitional justice instruments: in the beginning -between 1974 and 1975- criminal, administrative and historical forms were existent in the Portuguese case and later the purges of the supporters of the previous regime had started. Like the other countries, this period had influenced the public and the private sector, yet more importantly, civil servants and the elite had gone through a strong change. The Portuguese rupture from its authoritarian past obliged new public cadres to investigate the previous period and to implement severe punishments while a deep polarization dominated the new Portuguese politics. On the other hand, the private sector was deeply affected as a result of the nationalization and state intervention policies of the new regime, even making some leave the country. "The purge of the administrations of both public and private companies was rapidly transformed into a component of collective action that increasingly assumed anti-capitalist characteristics, making Portugal the only example of redistributive transitional justice in Southern Europe." (Pinto, 2010, p. 349) Apart from its redistributive feature, the Portuguese transition period was also characterized by the duality between centre-right and extreme left parties. The post-dictatorial period was generally dominated by the combination of the remains of its authoritarian past and the pressure of the new extreme left party, which attempted to break the democratic transition course in the 1975 coup d'état.

Although there are some instrumental differences between the four Southern European countries, they all experienced a democratic transition process in recent history, after an authoritarian period. These experiences influenced their perception of democracy and their political culture. To compare Turkey with them, we will look at the Turkish democratization process.

Turkey's multi-party regime started with the 1946 elections. For the first time in the Republic's history, in the 1950 elections, an opposition party, the Democrat Party (DP), was elected and came to power. Ten years later, the 1960 military coup interrupted the process for approximately one year. During this military intervention, top leaders of DP were executed, which reflects the failure of the Turkish democratization process. As a consequence of the 1960 military coup, a new constitution was prepared which allowed for many civil, social and political rights. However, civil unrest among Turkish society escalated so much that in 1971 the government was forced by the military to resign. This intervention did not stabilize the streets and tension between leftists and nationalists groups continued until the 1980 coup, which was more brutal and radical than the previous ones. Thousands of people were taken into custody, hundreds of them were given the death penalty and numerous people died in prison or in street fights; political parties were closed down and politicians were banned from political life; the constitution was re-written by bringing radical limitations to several social rights and freedoms. Scores of people left the country as political refugees. In addition, it also affected future generations by de-politicizing Turkish society, eliminating labor unions and creating taboos in social, political and civil areas.

Compared to the authoritative regimes of the four Southern European countries, the Turkish one was relatively short – after the 1980 coup d'état, return to civil "democracy"

occurred in 1982. Parallel to that, its extension was relatively narrow. After considering the execution of political leaders and the brutal violation of human rights under an authoritative military regime, the facts permits us to compare Turkey with the other four but the Turkish case can be considered relatively a minimal pair. The transition period after 1980 was also comparable. Extreme left groups were banned, not only from participation in politics but also from media, schools and most spheres of social life; yet again was the surge softer. As it is mentioned before, the position of Turkey as minimal pair "...may have had an effect on the willingness of leaders and the mass public to compromise to achieve a peaceful democratic regime at all costs in order to avoid violent conflict and repression in the future" (McLaren & Cop, 2011, p. 22) Indeed, military intervention in ongoing street struggles was perceived as salvation by many parts of Turkish society.

To conclude, four of the Southern European countries had experiences of an authoritative period followed by a transition process. Each of them had their peculiarities in both periods; for instance the intensity of violence was more brutal in some or the transition types differed in each country. However, looking at the big picture, it is possible to talk about a Southern European common characteristic for having an influential democratization process as a result of long term dictatorial governments. On the other hand, Turkey also has similarities with Southern European countries in these factors; however the level of brutality, expansion and the longitude of military regime has shown different patterns. In addition to that, although the democratic transition used similar instruments, its profundity was also relatively lower.

Late Industrialization Process

One of the major communalities between Southern European countries was their late industrialization process. Although it is mentioned in the second chapter of this thesis, it is important to give it a place here in order to compare it with the Turkish development path.

The Southern European countries have different socioeconomic characteristics which distinguish them from the rest of the Europe. They initiated an industrialization process later than their Northern and Central European counterparts. However, with their rapid growth rates, they experienced a significant transformation from an agriculture-dominated economy to an industrializing and service oriented one. However, this rapid economic change, instead of a gradual one, could not find its roots in the social sphere. The Southern European countries' economic development process could not be accompanied with a socio-cultural adaption.

Turkey can be listed as one of the countries that initiated industrialization later than the main industrialized countries; just like its Southern European counterparts. However, the considerable progress of Turkish industrialization in the 1960s and 70s; mainly through ISI and later export-oriented industrialization policies, could not be accomplished fully. Government protection and subsidies were the main resources of the newly founded industries. This dependency limited Turkish industries to cope with European counterparts. Although liberal economic policies of the 80s attempted integrate with world economies, the continuous import of intermediate goods and technology combined with the inability to produce and export final goods could not convey Turkey to a full industrialization. In addition, the geographic distribution of industries is also problematic as they are concentrated in specific cities, mainly in the Istanbul area (Pamuk, 2008).

Statistically, Turkey's macroeconomic indicators such as GDP and employment rates are comparatively lower and the inflation and current account deficit reflect higher results than the four Southern countries. However, macroeconomic trends, particularly in recent history, are comparable to the Southern European Countries as they have experienced similar transition periods after several democratic failures. It is important to mention that in Greece, Spain, Italy and Portugal; several economic breakdowns led those countries to democratization processes, resulting in them becoming established democracies. In Turkey, economic crises also caused political breakdowns, however, the country still deals with democratic consolidation problems.

“Convergence through Europeanization”

Throughout history, the term “Europeanization” has taken various meanings. Until the European integration period, the most commonly used definition referred to social, cultural and religious communalities and shared interests within a specific geographical border (Featherstone & Kazamias, 2009). However, with the formation of the European Union, the EU's membership processes and criteria also began to be named as Europeanization. In this thesis, we will use this concept with its latest definition and compare the impact of the EU's own processes on selected countries.

All Southern European countries share a common timeline, except Italy as a founding member, it had experienced an “Europeanization” process as it was dealing with several agreements with the European Economic Community (EEC) during the 60s. In the end, they all became members of the community in the beginning of the 80s- Greece in 1981, Portugal and Spain in 1986. Although Turkey's membership process seems totally different than the southern countries, during the 70s Turkey was also considered as a likely candidate to join

the European Community. In terms of democratization, it can be claimed that membership to the EEC did not have a huge impact in those countries as they had already or almost completed their democratic transition process. However, even if it is the case, being a part of a community brought new economic and administrative changes which can be discussed as a convergence process.

Turkey applied for EEC membership in 1959 to reach one of its foreign policy objectives: to be recognized as a European state. Turkey's membership process still continues and many reforms and policies had been adopted to move forward in the European Union accession period (EEC became the EC in 1993 as a result of the formation of the European Union and in the beginning of the 2000s, the term EU started to cover them all). Much like the Southern European countries, Turkey also adopted many policies in the accession period, however, unlike them, the EU considers Turkish democracy problematic.

"...basic features of a democratic system exist in Turkey, but a number of fundamental issues, such as civilian control over military, remain to be effectively addressed. Despite a number of constitutional, legislative and administrative changes, the actual human right situation as it affects individuals in Turkey needs improvement" (European Commission, 2001, p. 32)

After the Helsinki European Council in 1999, where Turkey gained a candidacy status, the country started to advance its Europeanization process. However, the full-functioning democracy objective could not be accomplished due to several financial crises that Turkey was suffering from in the beginning of the 2000s. In addition to that, the predominance of the military in Turkish politics was also considered as a big obstacle.

In the beginning of the 2000s, new and comprehensive constitutional packages were adopted which mainly addressed the problematic issues in the EU accession period. A new Civil Code that aims to improve gender inequality, the abolishment of the death penalty, an Anti-Terror Law, and the permission to broadcast in non-Turkish languages were perceived as big steps by some in Turkey while others did not approve. Particularly, the nationalist wing in the Turkey- Nationalist Movement Party (MHP) reacted against the reform packages. Therefore, it was not possible to talk about a domestic cooperation towards “Europeanization”.

After the November 2002 elections, cooperation was not needed anymore as the Justice and Development Party (AKP) was able to form a majority government, eliminating a majority of the political parties from parliament. During its first two years, AKP government adopted nine constitutional reform packages to meet the Copenhagen criteria and this time, secular Kemalist elites were opposed to them on the grounds that they will lead Turkey to Islamic fundamentalism and Kurdish separatism (Baç, 2009, p. 29).

To summarize, “Europeanization” does not have a similar impact on Southern European countries and Turkey. The southern countries are official member countries and included in the Euro zone, they are on a convergence path particularly in economic terms. However, the existence and the content of this convergence is not the theme of our study. On the other hand, Turkey as being a long-standing candidate country is dealing with problems of democratic consolidation in terms of freedom of speech, human rights, Islamic fundamentalism, and ethnic and identity issues.

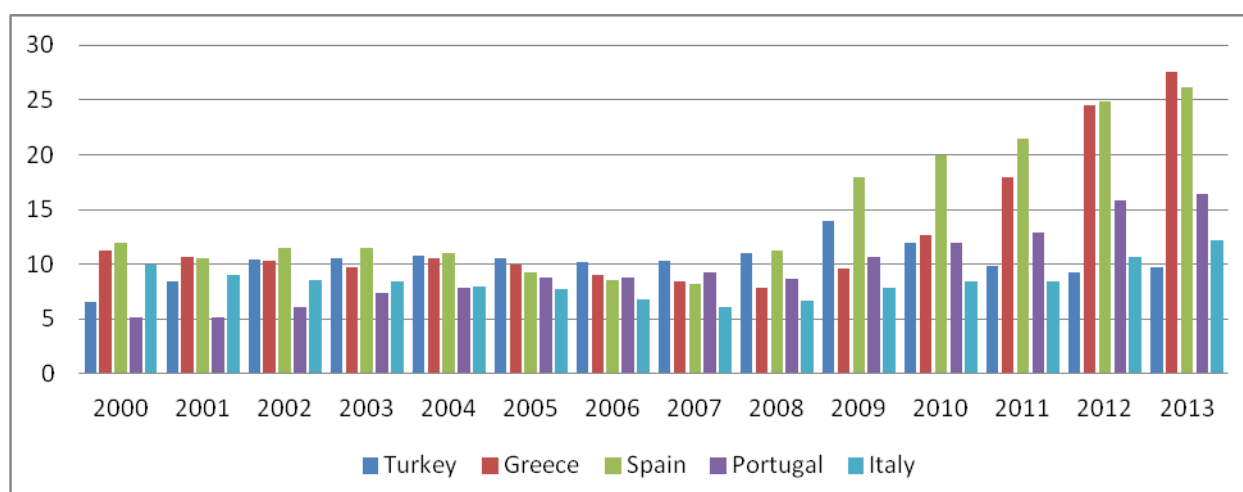
7.2 Interpretation of Welfare Data Analysis

In this part, the statistical data that has been analyzed throughout this thesis will be reconsidered in order to compare Turkey with the four Southern European countries. This will allow us to see if Turkey reflects similar statistical results in terms of welfare indicators. As we did it in the previous chapters, selected welfare indicators are organized under three groups; labor market, social protection and households.

Total unemployment, long term unemployment, female unemployment and lastly youth unemployment data make up the section where the comparison of labor markets takes place. In graph 7.1, it is possible to see total unemployment levels for the countries in last 13 years; starting from 2000 until the recent data of 2013.

Until 2009 / 2010, Turkish total unemployment levels were similar to Greece, Spain, Italy and Portugal. This lets us claim that, in terms of this data, Turkey can be grouped with those countries – even in some cases, the proximity between Greece, Spain and Turkey is closer than Italy and Portugal. However from 2009, the total unemployment levels increased dramatically in Greece and Spain. Although the difference is not that radical, the Portuguese unemployment rate passed 15% in the last two years. Italy managed better than its other southern counterparts, but still had an increasing trend. On the other hand, since 2009, Turkish unemployment levels have gradually decreased and in 2013, they were lower than 10%. To summarize, not only in terms of unemployment levels but also historical trends, Turkey does not fit with the four Southern European countries.

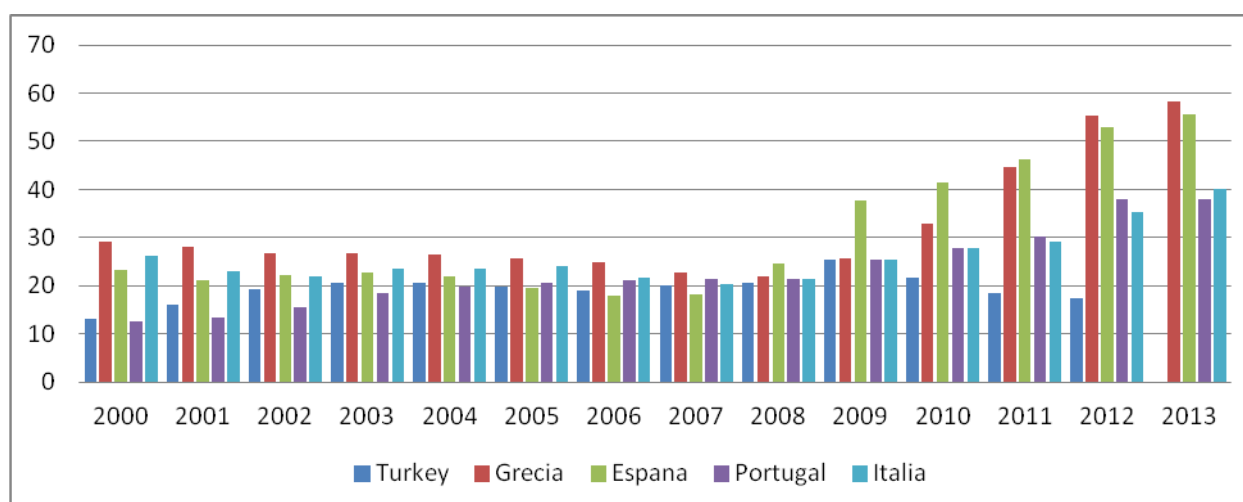
Graph 7.1: Total unemployment levels in South Europe and Turkey



Source: Eurostat & World Bank

The comparison in terms of youth unemployment is similar to the total unemployment graph (Graph 7.2). Turkey had lower rates of youth unemployment relative to the other four countries and particularly the tendency after 2009 is completely in the opposite direction.

Graph 7.2: Youth unemployment levels in South Europe and Turkey

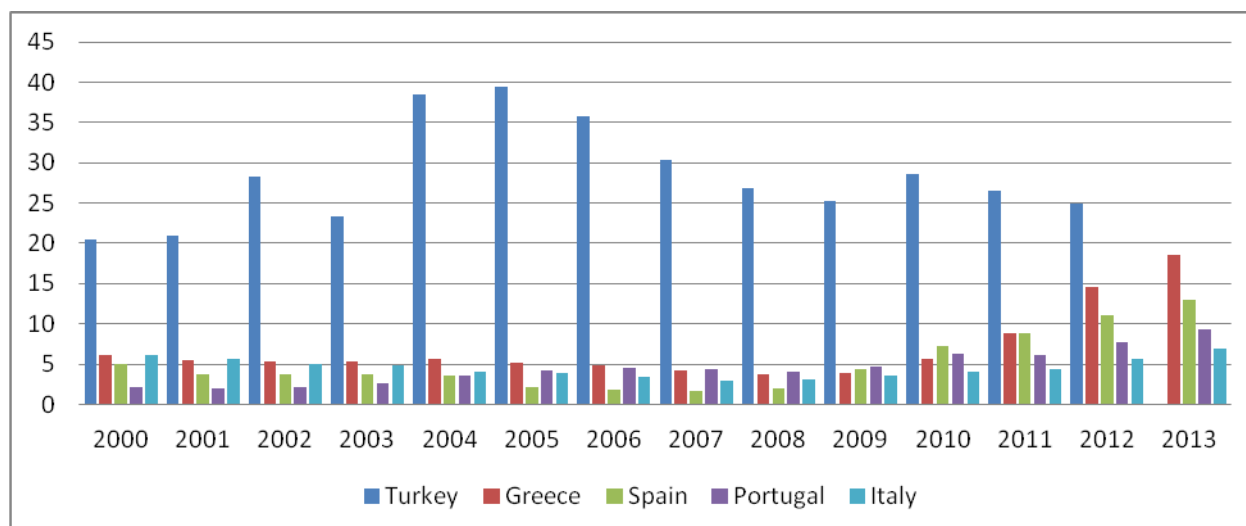


Source: Eurostat & World Bank

The discrepancy between them is reflected more clearly in long term unemployment levels (graph 7.3). High levels of long term unemployment in Turkey, around 30% in 2004 and even getting close to 40% in 2005, is clearly different from Greece, Spain, Portugal and Italy.

Although, as a result of the recent crisis, those levels rose in the Southern European Countries, it could not close the gap between them.

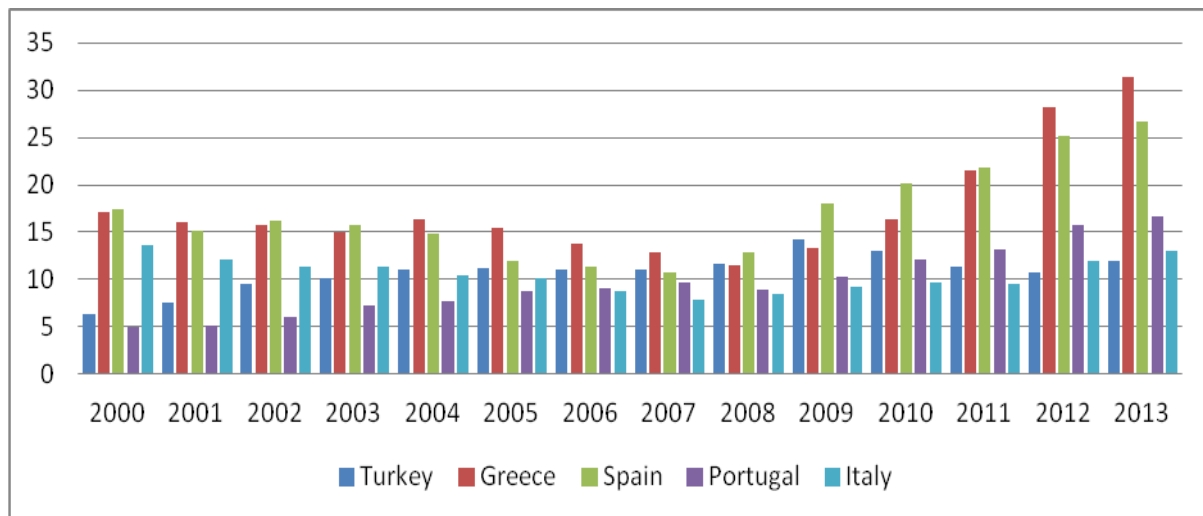
Graph 7.3: Long term unemployment levels in South Europe and Turkey



Source: Eurostat & World Bank

Female unemployment levels do not reflect a clear divergence of Turkey from the others (graph 7.4). In the beginning of the analyzed period, Turkey had a totally different tendency than Greece, Spain and Portugal; however it is similar to Italy's. Between 2005 and 2008, as Greek, Spanish and Portuguese rates decreased while Turkish and Italian ones increased, letting them converge around 10%. However, with the impact of the recent crisis, Greece and Spain again started to show relatively higher results than others. It is important to mention that, although Turkey had a different path in terms of female unemployment since 2000, the divergence in the last four years was not caused by the distinct Turkish route but rather by the highly affected Greek and Spanish labor markets.

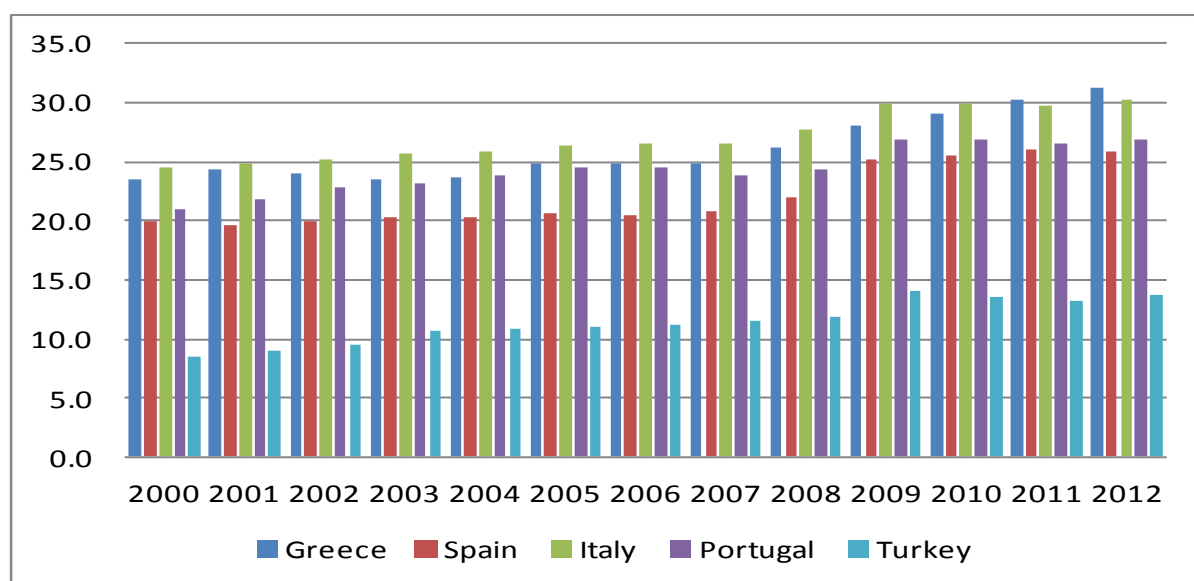
Graph 7.4: Female unemployment levels in South Europe and Turkey



Source: Eurostat & World Bank

Until now, we have compared the labor market indicators of five countries and the Turkish labor market data indicators don't reflect similarities with the Southern European countries. As the second sphere of the welfare regime, we will also be looking at their social protection data. In graph 7.5, the total public social spending of Greece, Spain, Portugal, Italy and Turkey are observed. In terms of each country's GDP, percentage levels in Turkey are completely different than the other group members, with significantly lower levels. The lowest level among the Southern ones in the last 12 years was the total public social spending proportion of Spain in 2001, around 19% of GDP. On the other hand, Turkish social spending doesn't exceed even 15% in its highest year, 2009. It is possible to say that Turkey doesn't share the characteristics of the Southern countries, which is to have approximately 20%-25% social spending in terms of GDP.

Graph 7.5: Public Social Spending in South Europe and Turkey

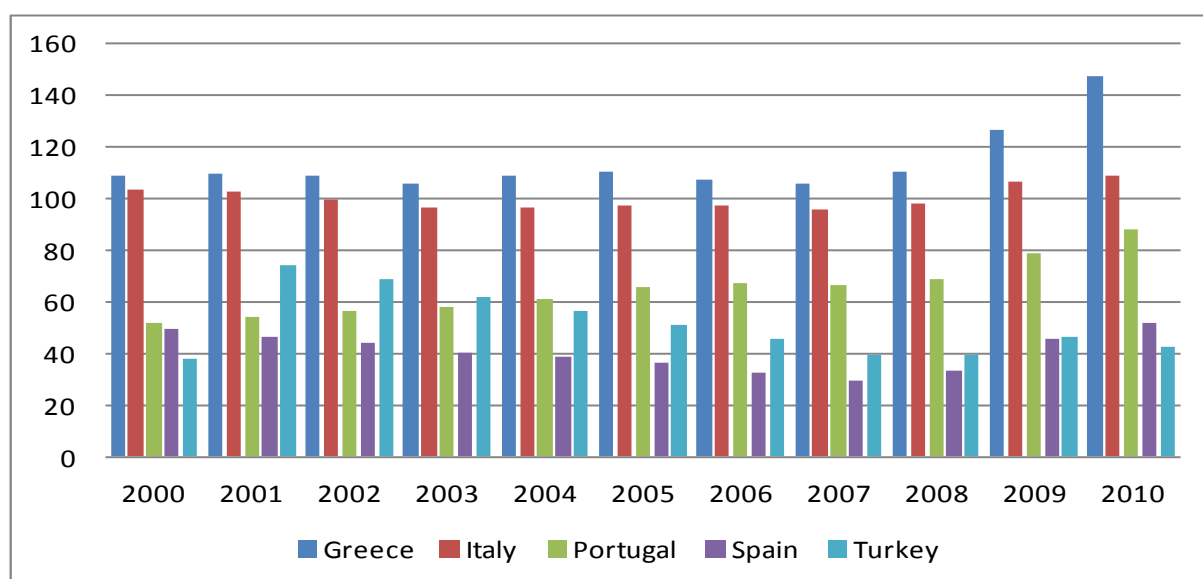


Source: Eurostat

In graph 7.6, the public debt of each country between 2000 and 2010 are reflected. To be able to answer the question about the inclusion of Turkey to the Southern group, firstly a convergence between Greece, Spain, Italy and Portugal has to exist. However, rather than that, Greece and Italy form one group and Spain and Portugal form another. Even the second group had divergences after 2004, as Portuguese public debt increased while Spanish debt was more stable.

In terms of public debt, Turkey resembles the second group more, particularly to Spain in the last three years of the observed period. In Turkey, the impact of the recent crisis on the country's public debt is not as significant as the other four. As increasing public debt, by exceeding 100% of GDP, is a peculiar characteristic of Southern Europe, by keeping debt around 40% of its GDP, Turkey can't be considered as a member of this group.

Graph 7.6: Public Debt Comparison between South Europe and Turkey



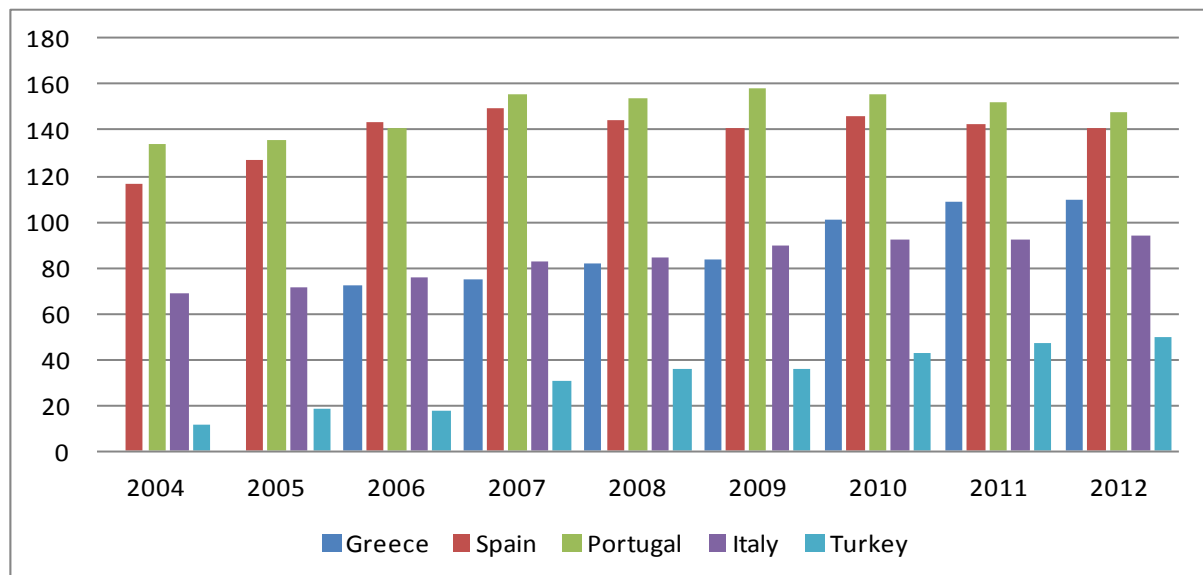
Source: OECD

The comparison between Turkish households and the Southern European ones is quite problematic as Turkish data for this kind of analysis is not available. In the previous chapter, we used TUIK's and CBTR's databases and financial reports to collect the data in order to describe the characteristics of one of the main actors of the Turkish welfare regime. However, to compare that data with Greece, Spain, Italy and Portugal, it is not possible to find household net disposable income in percentage of GDP or the household debt as a proportion of disposable income. Therefore, we chose to benefit from some descriptive information that was taken from CBTR's financial stability reports and combine it with OECD data that was previously used in Chapter 4.

Looking at the organized data, Turkish exclusion from the Southern group is obvious. Turkish households' debt in percentage of their disposable income is much lower than the other analyzed countries. Even though Greece lacks data from 2004, 2005 and 2006, it doesn't create any bias in the comparison. In 2012, the gap between the four countries and Turkey diminished radically, relative to 2004, however, the increasing tendency of the southern

countries doesn't permit us to foresee a convergence in terms of household debt nor household disposable income.

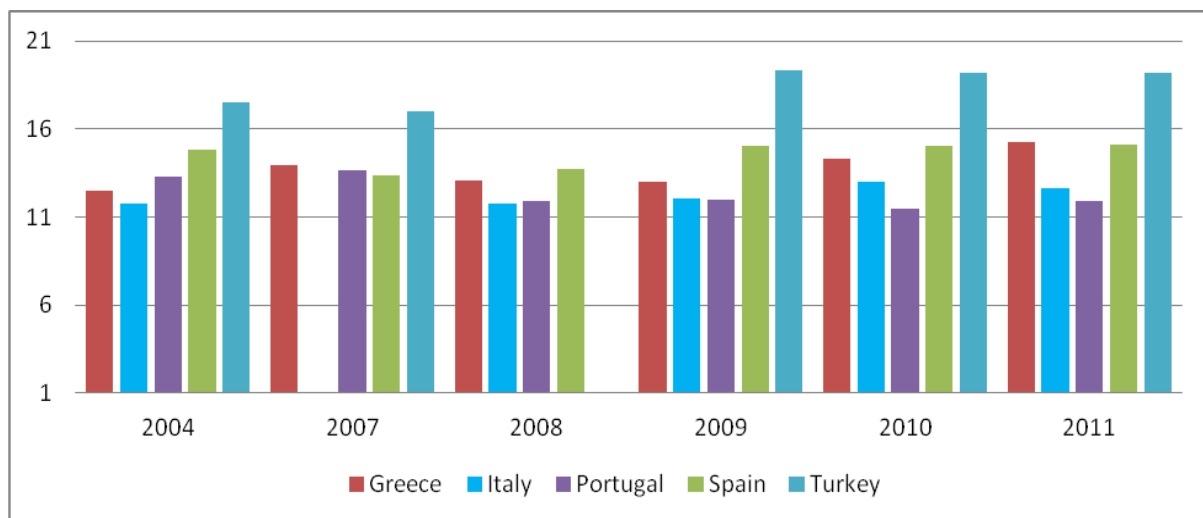
Graph 7.7: Household debt in % of Household Disposable Income



Source: OECD & CBTR

To be able to compare the poverty rates of Turkey with the other four countries, it is important to use data from the same database. Therefore, the OECD database is used for all five of them. In all available years between 2004 and 2011, Turkey's poverty rates are higher than the others and additionally, the difference between Southern European countries and Turkey has an increasing tendency. This growing gap lets us comment that, in terms of the poverty rate, with higher levels of poverty rates and with a tendency towards a more radical divergence; Turkey does not seem to be a part of the southern group.

Graph 7.8: Poverty Rates in South Europe and Turkey



Source: OECD

7.3. Familism

In the previous chapters of this thesis, we have talked about the peculiar characteristics of Spain, Italy, Greece and Portugal that permit them to form a group different than the conservative ones. According to the works of many authors (Esping-Andersen, 1999; Ferrera, 1996; Trifiletti, 1999; Saraceno, 1995), “familism”, which refers to family solidarity and the preservation of the traditional family, is a main example of these characteristics. In addition to their traditional family formations, the male breadwinner model or in Trifiletti’s perception “Mediterranean family type” shaped some of their public policies which are related to family finances.

The care for children and elderly people is the main area that reveals the peculiarity of the southern countries. In those countries, families are responsible for the provision of this social care and therefore family dependence becomes significant in southern culture (Minguez, 2004). The relation between lack of policies related to social care and labor market and the importance of family dependency is still an ongoing “cause and effect”

debate. However, ruling out the causation question, Southern European countries have communalities in the presence of traditional family types and impotency in social policies. Additionally, some authors, such as Naldini (2009), underline the impact of past authoritarian regimes on Southern family structures. She claims that; "...all four South European countries suffered the experience of dictatorships and a strong influence of the Church, perpetuating the prevalence of patriarchal norms and traditional family norms (most commonly found in agrarian societies)..." (Naldini, 2009, p. 24)

It must be mentioned that family structures and social policies have a direct relation to gender relations. Female employment is not only linked to family types and social public policies but also to the opportunities of part-time employment in the labor market. In Southern European countries, where the male breadwinner model is mostly dominant, men work at full time jobs while women stay at home and deal with social care provision. In this kind of responsibility distribution within households, female employment at a full time job is not an easy option. Yet possibilities of part-time employment can facilitate the participation of women into the labor market. However, in the Southern European countries' labor market, part time employment for women is limited, which makes them rely on men's income. This situation also creates various debates about gender inequality in southern welfare models. On the other hand, in countries, for example Italy, women are participating in the labor market while keeping their family tasks, which forms another kind of gender inequality by creating the term "superwomen" (Trifiletti, 1999).

Starting from the 1980s, the changes in political and economic movements on national and international levels influenced the labor market and family structures. "Individualization" became the main trend in every sphere of life and it naturally touched families. However, in

Southern European countries, this progress was not as effective as in its counterparts. The preservation of the traditional extended family was more essential than an individualized and gender egalitarian family.

Using some of the indicators that are used in Minguez's work (2004), it is possible to reflect the presence of the traditional family type in Southern countries. In this work, we prefer to reflect on the differences between four countries: Spain, Greece, Portugal and Italy and some other European ones. Mainly social democratic welfare regime type countries are chosen as they are the main ones that are separated from the former group of countries by the predominance of familism.

Table 7.1: Family Structures of Southern European Countries

Year 2013	Average Household Size	Single person with dependent children	Households with dependent children	Share of young adults aged 18-34 living with their parents	Fertility rates	Crude Divorce Rates (2011)*
Greece	2.6	1.5	30.2	62.3	1.3	1.1
Spain	2.5	2.9	34.8	55.1	1.3	2.2
Italy	2.4	3.3	31.6	65.8	1.4	0.9
Portugal	2.6	4.2	36.5	60.6	1.2	2.5
Belgium	2.3	5.9	32.2	44.7	1.8	2.5
Germany	1.9	4.7	24.4	42.3	1.4	2.3
France	2.2	5.5	31.2	34.2	2.0	2.0
Netherlands	2.2	3.8	28.6	35.7	1.7	2.0
Austria	2.3	3.5	28.4	47.1	1.4	2.1

Source: Eurostat

*Crude Divorce Rates are not available for nine of the countries, therefore 2011 data is used.

Looking at table 7.1, it is easy to see the grouping of the four Southern countries in terms of family structures. Average household sizes in Greece, Portugal, Spain and Italy are reaching

three people while the rest of the countries in the table stayed closer to 2. We can comment that, although household size of southern countries has decreased after the 80s, in 2013 Mediterranean families are still relatively bigger in size. It can be interpreted that families have a relatively higher number of children but it is mainly related to higher levels of inter-generational co-living. Consistent with this data, the rates for “single person households with dependent children” is relatively lower than the rest of the countries included in the analysis. It can also be one of the explanatory factors of the previous data.

Another crucial variable is the high share of young people living with their parents, almost doubling the proportion of some Central European countries. In Greece, 62,3% of young people aged between 18-34 were living with their parents in 2013. The rate is even higher in Italy with 65,8%. Naturally, the rates of total households (single person, two adults or more than two adults) with dependent children are higher in those countries. Flaquer (2000) claims that relating this situation only with high youth unemployment rates is limiting. It is also related to characteristics of those countries such as “...peculiar structure of the labour market, to the lack of social provisions for young people, and to a number of family values (Flaquer, 2000; p. 6).

A different interpretation of youth co-living belongs to Flaquer (1995). He claims that this type of dependency is actually beneficial for households, particularly for young people by enlarging their opportunities while they are at the beginning of their adult life. Those opportunities refer to easy access to the education and labor market. According to the study, more than half of the young people in Southern European countries find their jobs by using their family network.

As far as presence of the traditional family is concerned, the crude divorce rates are lower in Spain, Greece and Italy. Portugal is an exceptional country in this case as it has a different position within the Southern group. Not only are Portuguese female unemployment levels lower, crude divorce rates and single person household rates are higher than in Spain, Greece and Italy. However, in most cases, they still stay under the European average. This also shows the significance of family solidarity and a low degree of individualization.

Lastly, low fertility rates of Southern Europe are controversial. However, it may allow us to comment that big household sizes are not generally caused by a high number of children but by high levels of inter-generational co-living, which refers to young and elderly people.

The presence of traditional family structures is clear in Southern European countries. To question the location of Turkey into the group, we will be analyzing “familism” within Turkish culture.

Familism is also an important characteristic of Turkish society. Cultural values, which are shaped by Islamic traditions, comprise social care of children and elderly people by their family members. The main breadwinners are men while women are not considered as active actors in labor market but instead are responsible for intra-family duties, mainly social care of children and the elderly. Therefore, it is not surprising to see low female employment rates in Turkey, much like other Southern countries (See Chapter 6). Related to this, rates of elderly people staying in nursing homes are quite low and children, particularly sons, are seen as family insurances. Although more than 60% of Turkish families are nuclear ones (Unalan, 1988), they generally function as extended families for having close inter-family relations and “kin residential proximity” (Flaquer, 2000).

Firstly, modernization and industrialization and then later the individualization as a result of the expansion of the market economy, had a direct influence on Turkish family structures. An increase in female participation in the labor market, rise in life expectancy, decrease in fertility rates and the alterations in life styles compatible with the market economy challenged the sustainability of traditional Turkish family formations. On the other hand, some parts of Turkey, being a developing Muslim country, still continue to preserve traditionalism and, particularly, Islamic traditions. The role of religion within the society is significant, even after having experienced a strong secularization process in the 20s. This facilitates the presence of traditional families because the protection of the family unit and patriarchal authority is crucial in the Muslim world. Yet, it is important to underline that Turkey is not a homogenous country and it is home to various religious, ethnic and cultural groups. Therefore, analyzing familism requires considering regional and demographic factors.

Aytaç (1998), made a statistical study about living arrangements in Turkey. According to her study, different than Southern European countries, rates of co-living with parents is quite low in Turkey, however “kin residential proximity” is very common. Aytaç interprets this as the importance of privacy in Turkish society while maintaining family solidarity. However, as it is mentioned before, the author includes regional and demographic differences in her analysis and she concludes by showing that in rural areas, the co-residence rates increase parallel to the decrease in education levels and the rise in loyalty to Islamic traditions (Aytaç, 1998; p. 259). In the end, she comes to the conclusion that economic development and the modernization process did not weaken family relations and that familism continues to be one of the main characteristics of Turkish society.

In addition to family structures, Turkey's social protection system is also compatible with familism. In a society where men are considered as the main breadwinner of the household and women are dealing with social care and unpaid domestic labor, the latter is integrated into to the social security system through their family members: fathers, husbands or children and they receive benefits on a familial basis instead of an individual one. In case of the loss of the male person, from death or divorce, women can benefit from survivor pensions which cover them until they have another male's "protection". The basis of survivor schemes is justified as the state's willingness to protect women against the absence of job opportunities in the labor market and to maintain the Turkish family structure. However, comparing unconditional access of survivors' sons to, for instance, disability pensions, while daughters' are limited, it is only accessible until they get married, makes us question the main intention of the organization of the social security system. "...such gender-differentiated treatment is based on an assumption of women's dependency on a male-headed family as opposed to a positive discrimination policy to compensate disadvantages" (Kılıç, 2010; p. 170)

With the 2006 reform, the intention was to eliminate the gender discriminative features of the social security system, calling it "gender-neutralization" (Kılıç, 2010; p. 171). However, the policy changes under the 2006 reform created new question marks. Rather than an amendment, most of the reforms brought new privileges or restrictions "also" to men. For instance, relatively fewer marriage allowances for survivor daughters are replaced by no allowances for anyone. Conditions were put on the lifelong health insurances of the same group by limiting their privileges by age, education and marital status. In addition to that, the new healthcare system obliged them to pay premiums. Several platforms interpreted it

as reinforcement of women's dependency on other male family members (Kılıç, 2010; p. 171).

Policies regarding retirement plans were also interpreted as a deterioration in women's positions. Early retirement incentives for women and cash benefits, which they can receive by quitting their jobs when they get married, encouraged them to leave their jobs in exchange for dealing with their intra-family "duties", as if they were not obliged to do it during their employment. Retirement schemes also include the equalization of retirement ages for both sexes by a specific period of time by increasing the number of obligatory working days for women. This plan restricts the chances for women to take place in Turkish labor market even more.

On the other hand, the 2006 reform can be considered as a step towards individualism by introducing noncontributory pensions to children and unemployed adult women, which recognizes them as individuals rather than a part of a family. Exempting children from the universal health care premium is an important move towards de-familialization and in some terms, de-commodification. However, the intent to integrate mainly women as economically independent individuals in a labor market with fewer female employment opportunities does not correspond to any kind of definition of "protection". Rather than an equalization effect between genders, the reform provides unprotected individuals to the market.

Legislations impacting the labor market are in the same line with the previous examples. An increase in maternity leave and its transformation to parental leave seems like a radical step in terms of gender neutralization. However, in the end, instead of men, women are leaving

their jobs and the policies about child care services, that have to be organized as complementary, are not taken into consideration within the latest reform.

8 Conclusion

The concept of Southern / Mediterranean Europe includes several discussions related to the perception of another concept: Europeanization. Although the latter has been used for a longer time than the formation of the European Union, in the last decades, it is mainly considered as a reference to the Union's integration process. However, Europeanization is also a complicated term. This complexity stems from the vague definition of "what is Europe?" and several contrasts that exist within the region. Those divergences don't prevail only between EU member and non-member states but also between the first and second generation of the Union's components. Variations are derived from different cultural and historical roots, distinct industrialization processes, dissimilar state traditions, discrete foreign policies and varieties in demographic features. Therefore considering these factors, Europeanization studies have gained various dimensions.

Within these studies, Southern / Mediterranean Europe is considered as the "periphery" of the European Union in contrast with the "core", depending on its economic backwardness relative to its Northern European counterparts, peculiar development model as a result of their late industrialization processes, the predominance of agriculture in the economy, the fragmented structure of the labor market, differences in state tradition and political culture and finally "the structural power of Germany in shaping the EU's policy agenda in many areas; and the lesser bargaining strength of the 'South' in EU treaty negotiations" (Featherstone & Kazamias, 2009, p. 2).

Periphery-core confrontation in this context refers to the dependency theory of Wallerstein (1974). However, there is an opposing argument from Featherstone and Kazamias (2009) which claims that to be enrolled in the formation of the European Union limits the "cohesive

and consistent exploitation” (Featherstone & Kazamias, 2009, p. 2) implemented by core countries and therefore Southern countries rather carry the characteristics of “semi-periphery”. Additionally, they also give place to Gill’s (1995) term of “disciplinary neo-liberalism” considering the provision of social and monetary supports by the “core” to Southern countries during their accession period.

Europeanization studies also involve non- member states which are willing to join the Union and have started their accession processes. The accession criteria that are enforced on candidate countries also enable academicians to include them in their European studies and to comment about a “fit” or “misfit” between their domestic structures and EU-level institutions. It is a very similar kind of comparison that is done within the Union between the South and North. In both cases, the impact of “Europeanization” differs from country to country in terms of its extent and affected area. For instance, transparency criteria for financial accounts being one of the EU-commitments has influenced the Greek economy relatively more than it did in other countries.

To summarize, although it is undeniable that participation in the European Union creates a convergence between member and even candidate states, the remaining differences and “stubborn” domestic characteristics still exist. The impact of the European Union’s integration criteria on countries’ tendencies towards convergence has not been fully proved by case studies. That impact is mostly asymmetrical and dissimilar over time. Since we concerned ourselves with Southern Mediterranean European countries in the study, we can say that the impact of EU membership on those four countries; Italy, Greece, Portugal and Spain, has been irregular in some cases and similar in others. As a result, they become closer

to each other and to other member states in certain areas while growing farther apart in others.

“Social Europe” is one of those controversial areas in which the distance between member and non-member countries are open to various academic studies. The contradiction between solidarity on national and supranational levels caused the ambiguity of this concept. Ferrera (2014), being one of the main authors of the theme, defined the concept of “Social Europe” in four points. One component of the definition refers to one common system of 28 members of the Union that rests “...on the common, typically European tradition of a ‘social market economy’, but characterized by their different endowments of schemes and institutions, different logics and effectiveness in terms of market correcting abilities, and different loads of functional and distributive problems” (Ferrera, 2014, p.827). He also mentions the existence of supra-national and sub-national social policies which both aim to create a common Social Europe through integrative codes. However, country-specific peculiarities and the sub-national social schemes also open the door for the creation of regional discrepancies within the EU.

The recent crisis had complicated the balance in Europe. The impact of the 2007 crisis on Union members and its candidates was asymmetrical. Therefore, those distinct external factors affected the objective of the creation of a Social Europe.

“Though apparently more integrated and internally coherent than Social Europe, during the Great Recession EMU has proved to be itself a bundle of different constituent elements (national economies with their governance systems and public finances, the internal market, the euro, EMU governance institutions and policies and so on) which can be rapidly pushed apart by

international financial markets despite a common currency and Central Bank, and made to collide with each other by the resurgence of neo-mercantilist orientations – especially on the side of the richer member states.” (Ferrera, 2014, p.829).

8.1 Results of the Investigation

As it is mentioned in the Introduction part of this thesis, we aim to answer some fundamental questions. Those questions begin with the existence of a coherent grouping between Mediterranean countries of Southern Europe -Italy, Spain, Portugal and Greece- in terms of their welfare regimes.

Debates about the Southern European Welfare Regime Model stem from the typology of Esping Andersen which claims that there are three types of welfare regimes, such as conservative, liberal and social democratic. However, the inclusion of Southern European countries within the conservative regime model, which, for instance, Germany and Austria also belong to, precipitated another question: whether the type of "Mediterranean" welfare forms a peculiar group or if it is just an immature version of other conservative type countries. The content of those discussions was mainly predominated by the existence of families in Southern European countries as one of the main actors of the welfare provision, different than Central and Northern Europe.

The authors who specialize in this area added several communalities between Greece, Italy, Spain and Portugal that differentiate them from the rest of the continent. Those similarities are not limited to the stronger familialistic character but also include similar historical background, shared cultural values, highly fragmented labor markets, significant

transformation from corporate tradition towards universalism in social protection, the selectivity in the distribution of monetary benefits through patron-client relations and the importance of the informal sector. In this thesis, we also added a new cluster analysis to this claim by including 28 European countries' 16 indicators which are related to macroeconomic characteristics of their economies, main variables about their labor markets and structure of their social spending. The analysis calculated the distance between country rankings and shows the grouping among them. That analysis showed us that, regarding main welfare indicators, it is not logical to put Southern European ones within the same group of representatives of conservative regime models.

Therefore, another question arises that analyzes which countries should be included into this new welfare regime model. Some authors like John Gal (2010) included non-European Mediterranean countries into their analysis and claimed that Israel, Turkey, Malta, Cyprus and Turkey also had similarities with Southern European countries in terms of main indicators, for instance GDP per capita, percentage of total social expenditure, proportion of relative poverty within the total population and GINI coefficient. Additionally, much like their Southern European counterparts, he claimed that those countries also carry the features of late industrialized economies, have fragmented labor markets and the great weight of informal economy and they resemble each other in terms of non-democratic regime experiences. More importantly, the centrality of the family and the strong solidarity among its members has significant influence on the formation of provision of social needs in those countries. The centrality of the families as an actor in the management of welfare brings with it other communalities related to the structure of family lives and the role of women within the society. The male-bread winner model of the Mediterranean families

shaped the role of women as the ones responsible for housework and the care of children and elderly people. Therefore, they contribute to the welfare provision and, in a way, lessen the responsibility of other spheres of welfare by covering a significant part of society.

However, Trifiletti (1999) puts forward another schema of countries depending on the perception of women within their societies. She goes further than previous studies and differentiates the male bread winner model from the Mediterranean one. She introduces the fact that in both Mediterranean and male bread-winner societies, the state considers women as mothers and wives who are responsible for domestic areas. However, in the latter one, it protects them from market failures and exercises a control over unpaid domestic work. Women mainly work in part-time jobs and receive some public benefits through their husbands. On the other hand, in Mediterranean countries, the situation is worse in terms of women's living conditions. Women are not protected in the labor market and therefore the state controls both their paid and unpaid work. The female participation in the labor market is mainly in full time jobs and they have access to social services through their status as a worker. However, at the same time, domestic and care work is also taken for granted by the society. In the end, women are expected to be “superwomen” who participate in the labor market and also provide all the domestic work expected from society.

Looking back to our hypotheses that are mentioned in the Introduction, it is possible to claim that the first hypothesis which presages “Italy, Spain, Greece and Portugal have their peculiar welfare regimes that are different from the three types of Esping-Andersen and they differ from the rest of Western Europe due to their late industrialization process, lower

levels in macroeconomic indicators, state structures and the perception of families as the main welfare providers” is true.

The following question that we deal in the thesis is related to the impact of the recent economic crisis on the Southern welfare regime. We ask if the spheres that are affected by the crisis have strengthened the grouping of the four countries or have done the opposite, deepened the divergences between them. To answer this, the statistical data which refers to the welfare indicators of Southern Europe is analyzed for a specific time range which covers the pre-crisis and crisis period. The indicators are selected based on three main areas of a welfare regime model such as the labor market, social protection and households. Those three groups of variables formed the base for all of the statistical analysis included in this thesis.

In the end of the data analysis, we hoped to find a common weakening in the indicators of Portugal, Greece, Spain and Italy that enable them to sustain their group formation. However, the results we obtained from Chapter 3 changed the path of our investigation. In the first group of indicators, which includes the ones related to labor market, we found a clear polarization between the four countries during the crisis. In terms of unemployment annual average rate, youth and female unemployment rates, long term unemployment rate as a percentage of total unemployment and lastly the ratio between female and male participation, Greece and Spain have closer results and their courses are different than Italy and Portugal. Therefore, it is not possible to talk about communality between the four countries by comparing their labor market results.

In the social protection data, tendencies are not as clear as in the first group. In terms of total social public expenditure, Italy and Portugal are the relatively stable countries which

have similar outcomes; while Spain and Greece, particularly after 2010, start to show distinct courses. On the other hand, in terms of the role of public expenditures within the health sector, the results are completely different. Apart from 2007, the differences between the four countries diminish significantly which allows us to comment on a common group characteristic of more than 60% of public health expenditure in total health spending. Net unemployment replacement rates again indicate a polarization. Portugal and Spain form a pair of countries with relatively higher net unemployment replacement rates while Italy and Greece have totally different courses.

We also include a public debt indicator into our analysis. Although in the pre-crisis period public debt proportions of the four Southern countries were not that close, with the impact of the crisis, the distance between them increased significantly, particularly as a result of rapidly growing Greek public debt.

In the last sphere of the data analysis, we selected some indicators related to households. In terms of net household disposable income and household indebtedness, the crisis affected those countries in the same manner that it approximates their results by lowering income levels and rising household debt proportions. On the other hand, in terms of poverty rates, the high rates of Greece and Spain cause another polarization within the group of four.

Those results arouse the necessity of another data analysis that also includes eight other EU countries. In Chapter 4, we give place to the comparison between a selected 15 EU countries and it gives us the chance to see the big picture and strengthen the idea of Southern European Welfare Regime Model. Although we can see the divergences between Greece, Spain, Italy and Portugal in a comparison that is limited with only four countries'

data, by looking at other European countries, the grouping between four can clearly be observed.

Again looking back to our hypotheses, it is possible to comment that our second hypothesis which claims “even after the impact of the recent crisis, the grouping of welfare regimes of four Mediterranean countries has not yet lost its credibility” is true.

In the second part of this thesis, we got closer to the basic issue of this work which questions whether Turkey can be included in the Southern European Welfare Regime. We saw the necessity in giving detailed descriptive information about the Turkish Welfare Regime Model and for this purpose; Chapter 5 covers the fundamentals of the welfare concept in Turkey. Firstly, we examined the Turkish political economic history to indicate the roots of the current welfare regime structure in the country. The late Ottoman years which correspond to the beginning of the 20th century form the base of the newly founded Turkish Republic. The impact of WWII in the 40s, socialization trends of the 60s and several interruptions in the Turkish democracy towards the 80s shape the Turkish welfare regime from political, economic and social perspectives. The welfare state crisis of the 80s and the predomination of neoliberal policies all around the world also affected the Turkish economy. The reformation of the Turkish welfare state in the 90s attunes to the neoliberal policies that keep the state in the background. Welfare institutions that are responsible for the balance between wages, price and consumption are left to market dynamics. Legal and institutional arrangements are done in the labor market and social protection schema. The evolution of the Turkish welfare regime is also shown statistically in Chapter 6 by using previously selected indicators for similar data analysis of the Southern European countries.

The most striking change in the neo-liberalization process was the Social Security Reform which was introduced in 2006. The previous system was criticized for creating deficits since the 90s, particularly a severe one during the 2001 crisis. With this reform, the three legged structure of the Turkish social protection system, which refers to Social Insurance Institution, *Bag-Kur* and Pension Fund, was gathered under one roof named the Social Security Institution. Parallel to that, the health system was totally changed and became compatible with neoliberal interests.

“General Health Insurance System” is crucial as it is the first time in Turkish history where everyone is covered without any financial or social prerequisite. Additionally “Social Insurances” refers to the retirement plan which gives the same rights and responsibilities to all citizens without any pre-conditions like the previous one. However, although it seems to be remedial, it is highly criticized by several professionals for contradicting the concepts of equality, fair distribution and the fight against poverty.

The main reason for the detailed historical and statistical research that we have done on Turkey is to be able to find adequate answers to the basic question of this thesis which is to what extent it is possible to incorporate Turkey into the Southern European welfare regime. The last Chapter is where we put together and harmonized all the information that we have gained throughout this work.

Considering Southern Europe as a geographical region, it is possible to include a wide range of countries into the grouping. However political, social and economical factors also matter in the formation of the typologies. That is why we added historical backgrounds and shared collective memories to the socioeconomic features of the countries. Apart from the statistical interpretation of welfare indicators, we compare them in terms of their

authoritarian backgrounds, late industrialization and Europeanization processes and lastly familism which refers to the predomination of the role of the families in those societies.

One of the most prominent points in this analysis is the similarity between Southern Europe and Turkey for having experienced authoritarian governments in their past and having gone through democratic transition processes. However, although the processes resemble each other, the intensity of authoritarianism, the length of the repression period and the variety of democratization instruments differentiate Turkey from Mediterranean countries. Democratic transition processes in those countries didn't structure their political cultures similarly.

Turkey is also comparable with those four countries as they can all be categorized as late industrialized countries. Greece, Italy, Spain and Portugal initiated their industrialization process later than Northern and Central Europe but with rapid growth rates, they managed to achieve a transformation towards becoming an economies in which industry and services are predominant. Turkey also experienced considerable industrial progress in the 60s and the 70s through ISI and EOI policies. However, unlike the others, the transformation of the Turkish economy could not be accomplished fully. Industrialization becomes a regional concept for Turkey, referring to the unequal distribution of industries in geographical and sectoral terms. The socioeconomic differences between them are also clearly reflected in the statistical comparison part.

Three of the four selected countries experienced an Europeanization process and, throughout this period, they started to reflect more similar socioeconomic features based on the same integration criterion. Meanwhile, Turkey, not being an EU member but a candidate country, also faced a similar adaptation process. However, some basic

requirements related to human rights, freedom, religion and identity issues are not considered to be fulfilled. The interruptions in the integration period didn't let Turkey converge with the Southern European countries in institutional, legal and economical contexts.

Familism, which refers to family solidarity and the preservation of traditional family, is the last point that is analyzed in this comparative analysis. Families are the main providers of social care and the family dependency, particularly youth dependency, is significantly high in Southern countries. This socio-economic feature affects the gender relations within those societies as the women are considered as the responsible party for domestic work. The role of women is similar in Turkish society. Main breadwinners are men while women deal with intra-family duties. As opposed to the Southern ones, "kin residential proximity" is very common in Turkey and that decreases the family dependency while maintaining solidarity. Additionally, the Turkish social protection system is also consistent with this social structure. Women are integrated into the system through their family members and it is highly criticized for its gender discriminative characteristics.

According to Trifiletti's typology, we can comment that Southern Europe and Turkey don't belong to the same regime type as the women's protection mechanisms of the state in those countries differ. Turkey belongs to the male breadwinner regime type and the others to Mediterranean. However, the latest Turkish social security reform proposes "gender-neutralization" as the answer to all gender related criticisms and it refers to equalization of women and men in legal terms. This type of equalization may help Turkey approach the Mediterranean welfare type of Trifiletti while bringing new gender inequalities.

In the end, we come to a conclusion about our last hypothesis which claims that for having a number of similarities with Southern European countries and also geopolitical and cultural proximity with them, Turkey fits in the same welfare regime type as Greece, Italy, Spain and Portugal. In the end of this thesis, the conclusion is that although Turkey shares various communalities with Southern European countries, those communalities are not sufficient to be categorized in the Mediterranean welfare regime type. Turkey differs from them for having unsettled democratization and industrialization processes and a social security system which is mainly shaped by more neoliberal tendencies.

8.2 Limitations and Further Investigations

Various limitations may exist in this thesis. They can be listed as uncontrollable and controllable ones. Uncontrollable ones are mainly caused by the lack of data for some time periods and countries. In some cases, missing data did not permit us to reflect on the evolution of some variables in specific time periods and in other cases, we could not manage the indicators of selected countries. Specifically, the relative inadequacy of the Turkish data, particularly about households, limited the comparative data analysis in the last chapter of the thesis.

Controllable limitations refer to the selection of the variables which would be used in the data analysis. The multitude of the variables related to welfare forced us to make a selection among them. Therefore some of the indicators had to be left out of our analysis. We tried to include the most significant ones to verify our hypothesis.

On the other hand, those limitations open the way to possible further investigations. In this thesis, we did not consider the sustainability issue for each of the countries. However, the

structure of the population, particularly the average age, is an influential factor in welfare studies. The requirements of each society changes according to the peculiar characteristics of its population and the evolution of those characteristics reflect the extent of the sustainability of the welfare regime of each country. Southern European countries' and Turkey's demographic tendencies are expected to be distinct which let us make different interpretations of their welfare indicators and the future of their welfare regimes.

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ANNEX

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TWOSTEP CLUSTER
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I13 I14 I15 I16
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TwoStep Cluster

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[DataSet1]

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		N	% of Combined	% of Total
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	2	53	20,6%	8,2%
	3	87	33,9%	13,5%
	Combined	257	100,0%	39,9%
Excluded Cases		387		60,1%
Total		644		100,0%

Cluster Profiles

		1	2	3	Combined
I1	Mean	46,3478633073660	27,1320754537043	36,9183907125188	39,1929961011568
	St. Dev	11,04805011794810	10,55432423228950	12,84603391098780	13,73471128514630
I2	Mean	56,9432751	186,4075987	88,9986590	94,4935768
	St. Dev	39,15504435	69,30864125	21,64770688	65,05072404
I3	Mean	21,45384615710660	11,38490569816450	16,53793098734710	17,71322956530500
	St. Dev	8,420311466432480	4,834109381869940	6,734193238650050	8,201465919800430
I4	Mean	8,47692311115754	5,15283017788293	8,17471266066891	7,68910507747635
	St. Dev	3,357374432607650	1,737549527676810	2,706676481768120	3,142854962660990
I5	Mean	1,570	2,732	2,743	2,207
	St. Dev	,6806	,8655	,5191	,8902
I6	Mean	5,473	6,234	7,046	6,162
	St. Dev	,8822	,7827	1,0113	1,1421
I7	Mean	7,865	5,800	9,118	7,863
	St. Dev	1,9810	1,8238	1,4343	2,1358
I8	Mean	20,098	21,823	27,464	22,947
	St. Dev	3,0351	3,8877	1,9253	4,4040
I9	Mean	,679	1,243	1,910	1,212
	St. Dev	,4232	,8391	,8252	,8651
I10	Mean	59,5205129965758	67,5679250033397	65,3413794945026	63,1505838980471
	St. Dev	6,45216547788930	5,93761753102644	6,48973322254643	7,20187224846463
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	St. Dev	3,622038337736250	3,558429899608850	1,916102165888110	3,182575330866370
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I15	Mean	19142,8181591261000	36778,6946353458000	28607,5853554598000	25983,8150436423000
	St. Dev	6399,88542554630000	14380,90194088420000	5119,96965834455000	10827,16356783460000
I16	Mean	14212,92241737090000	43649,21802805660000	31453,64831989340000	26119,79720680980000
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Frequencies

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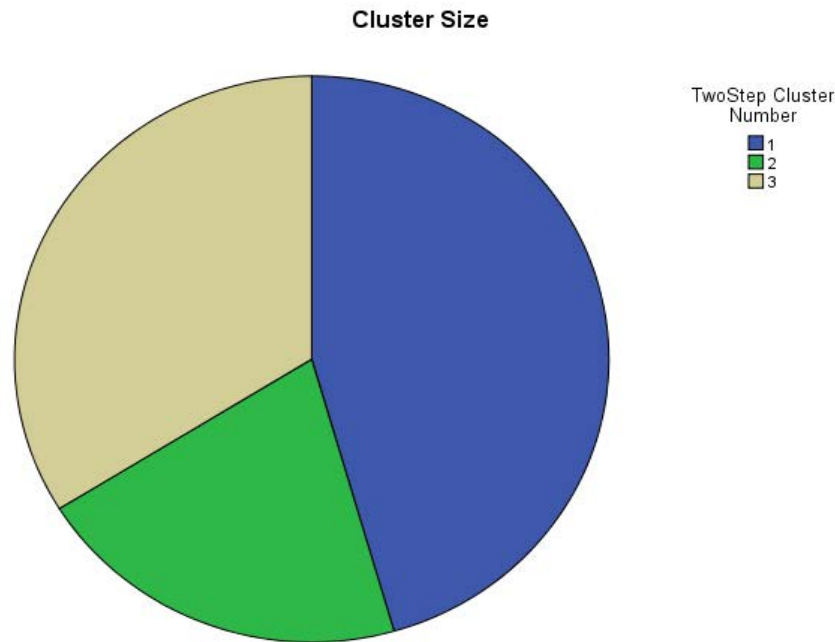
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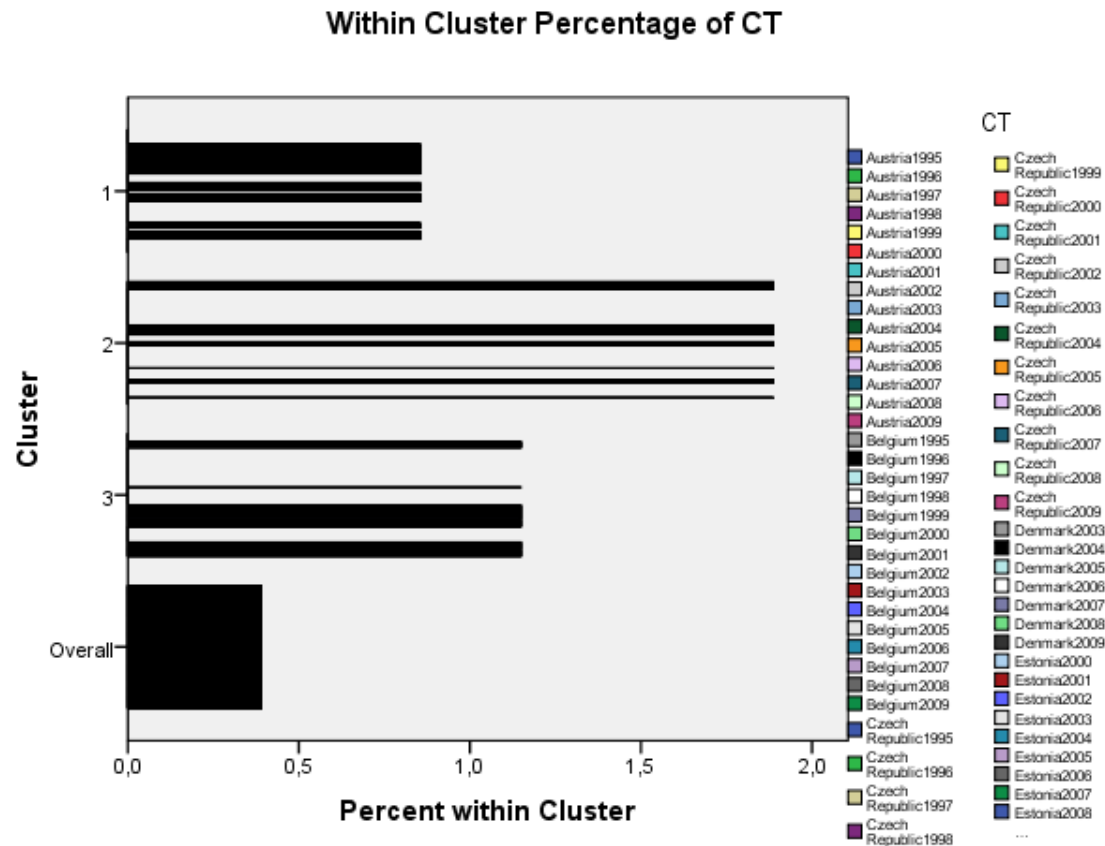
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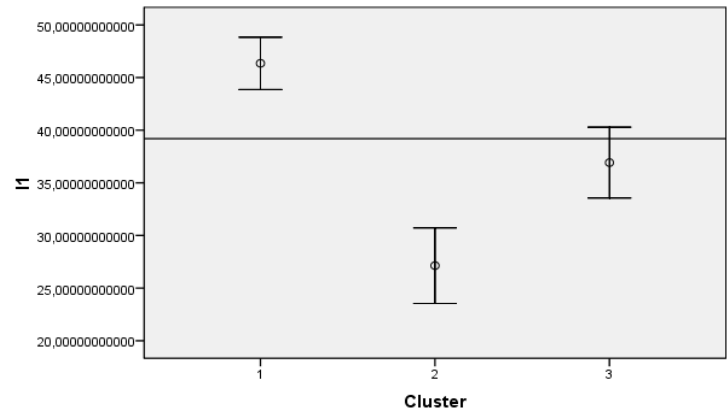


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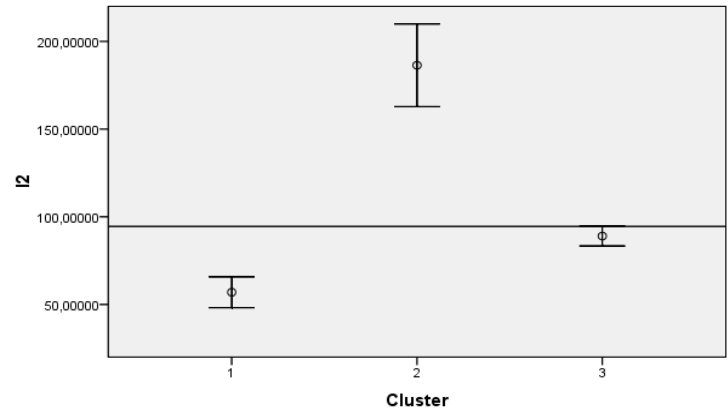
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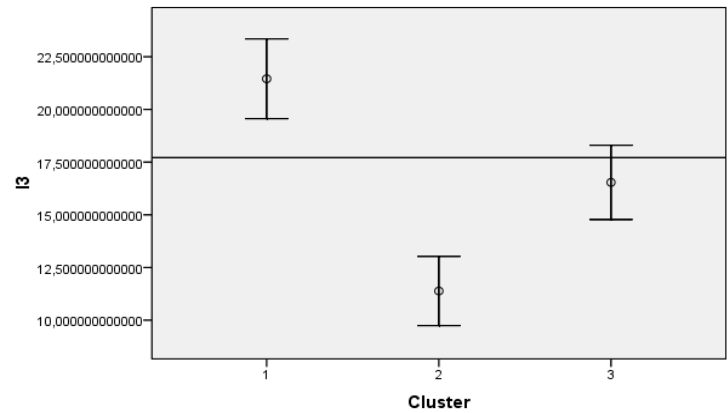
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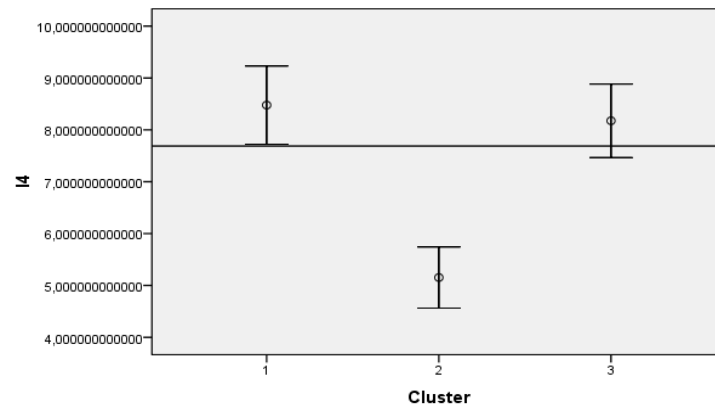
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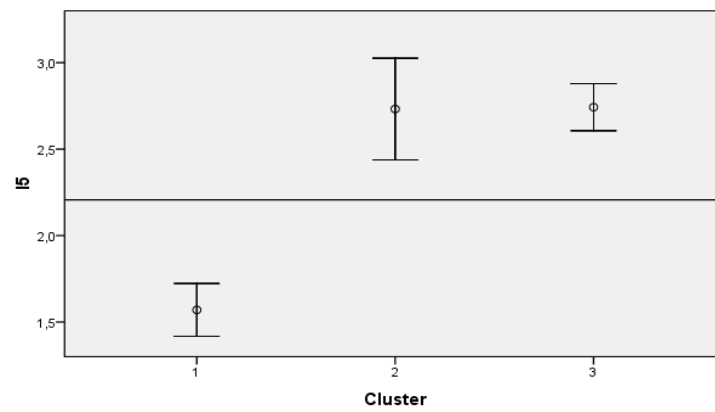
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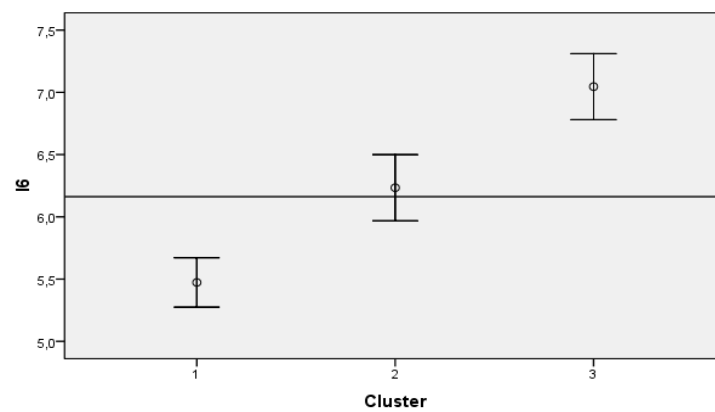
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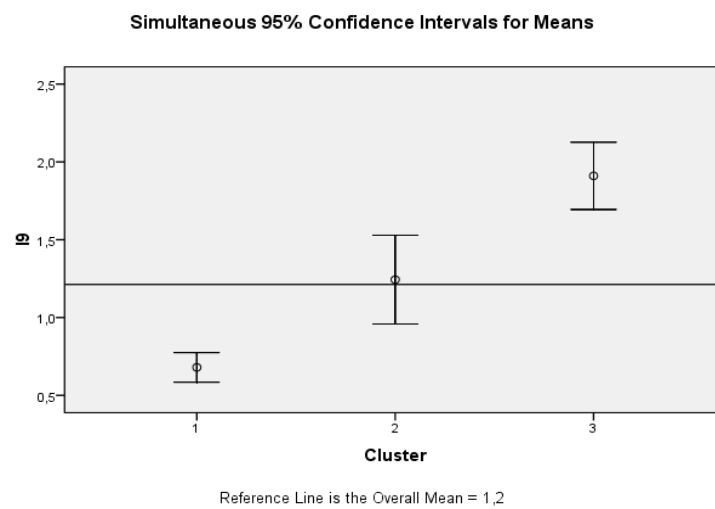
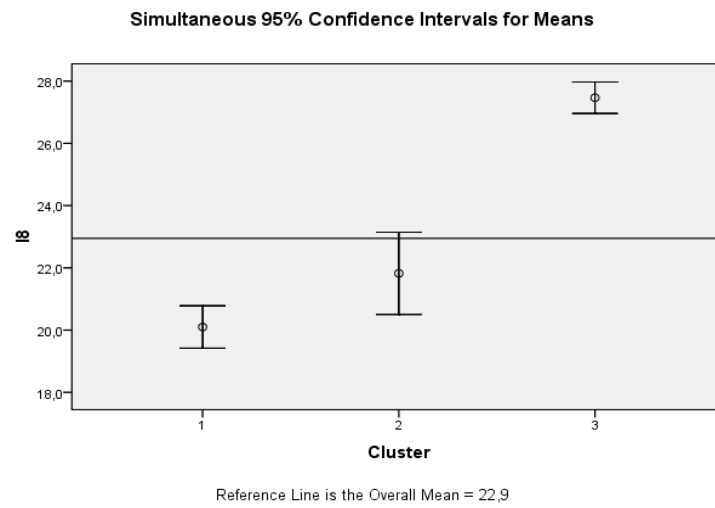


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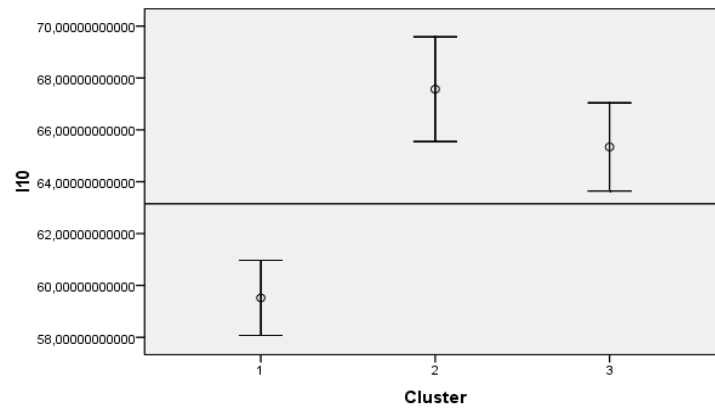
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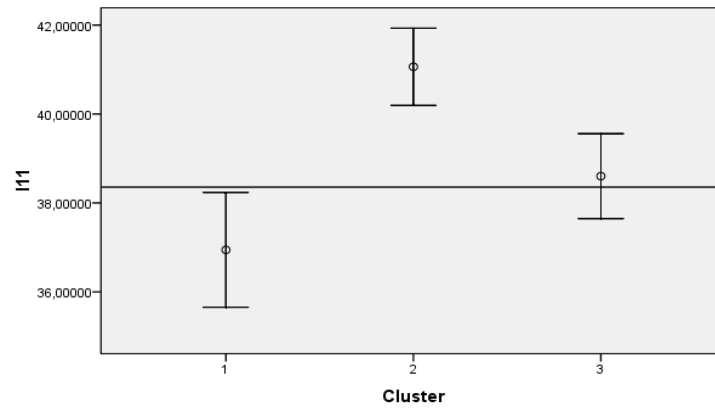


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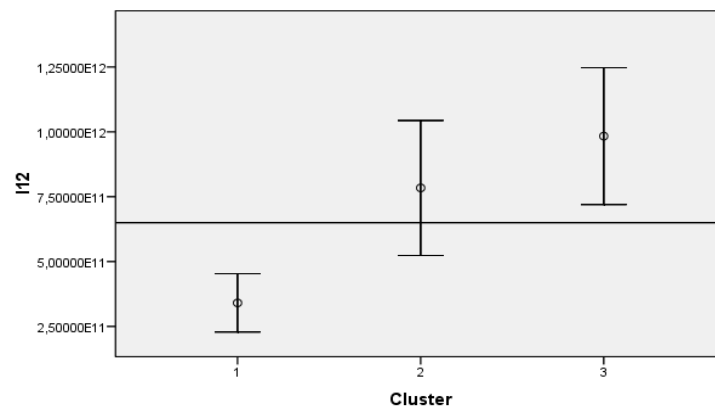
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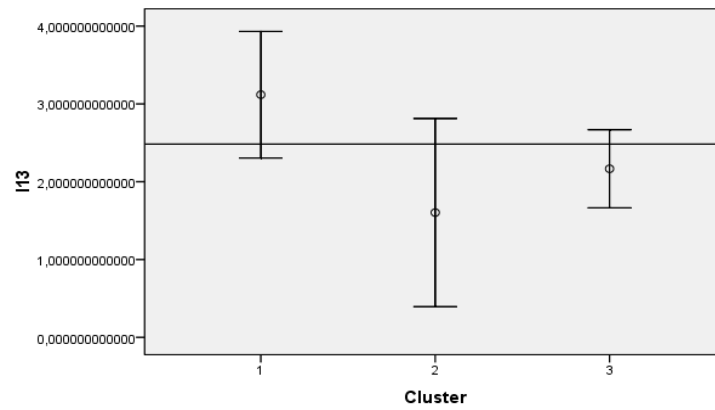
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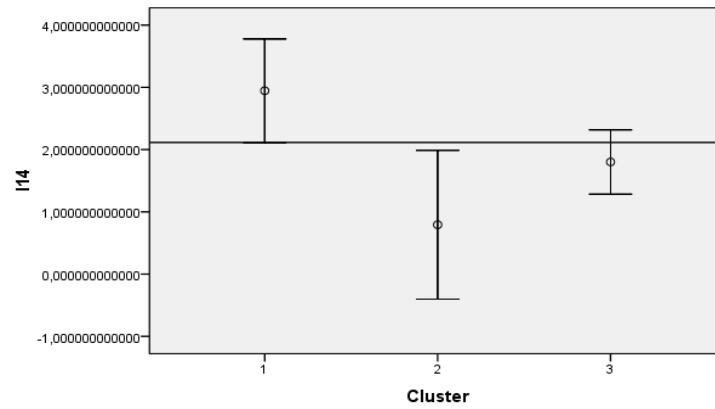
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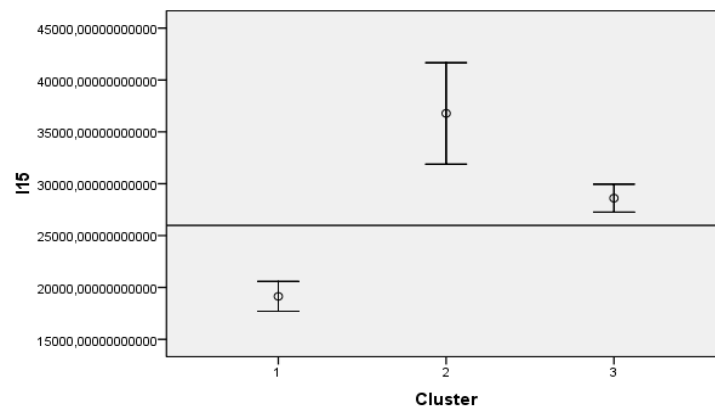
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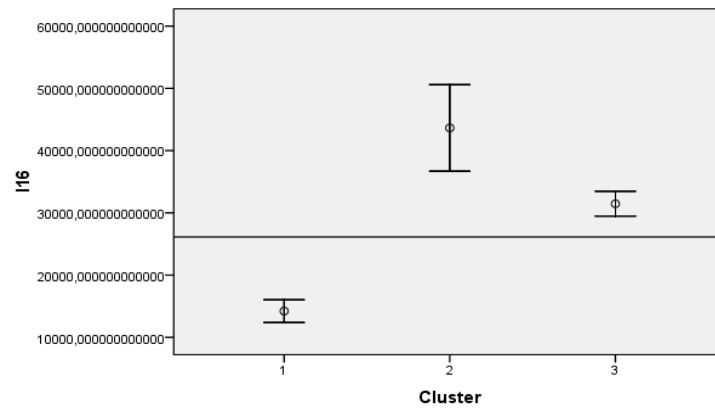
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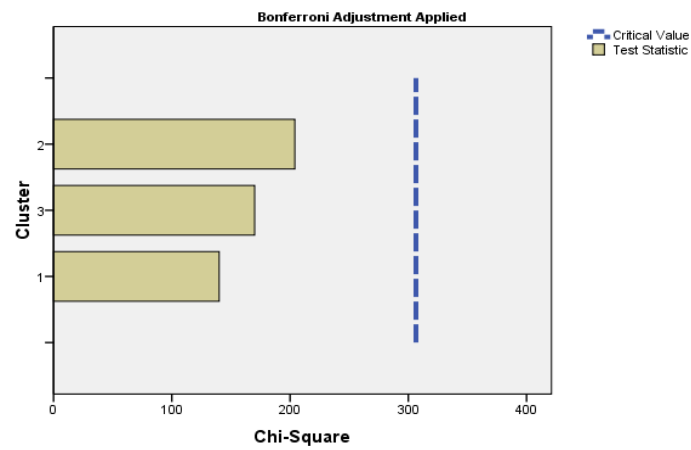
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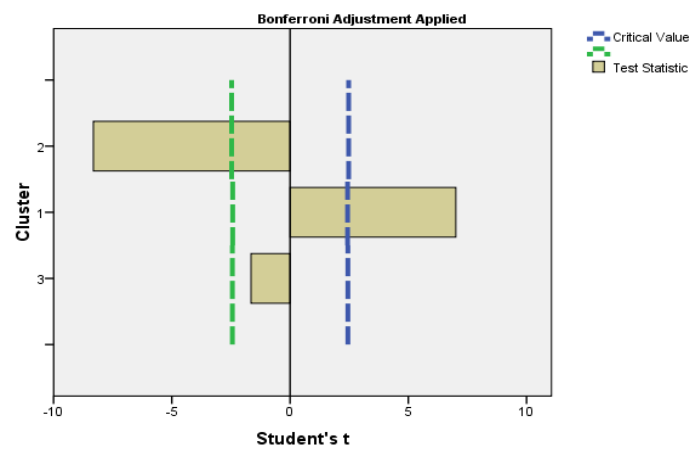


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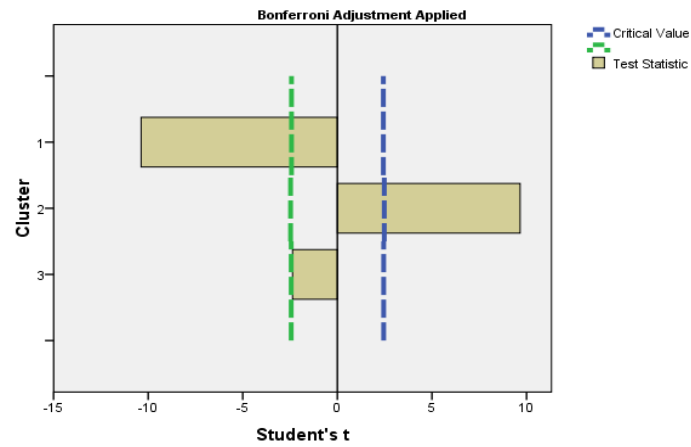
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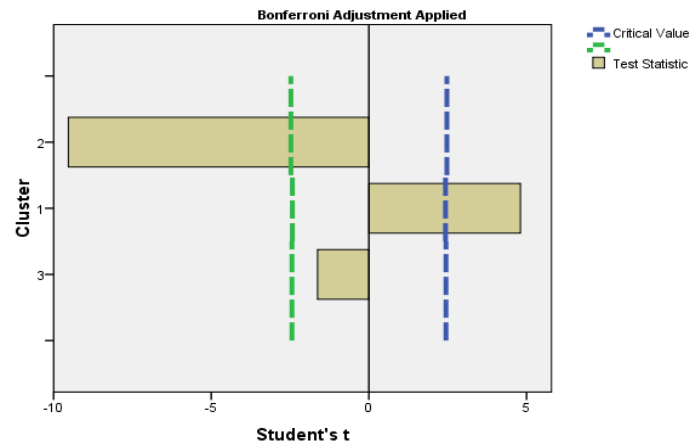
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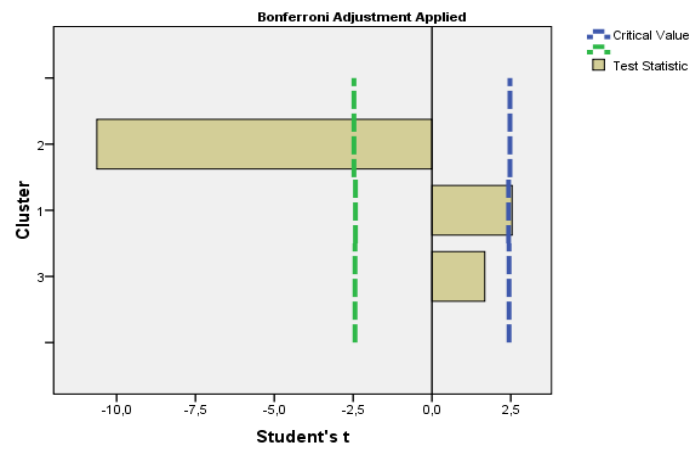
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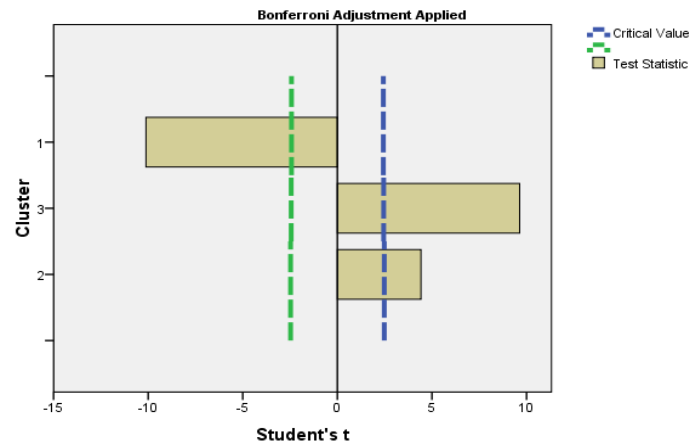
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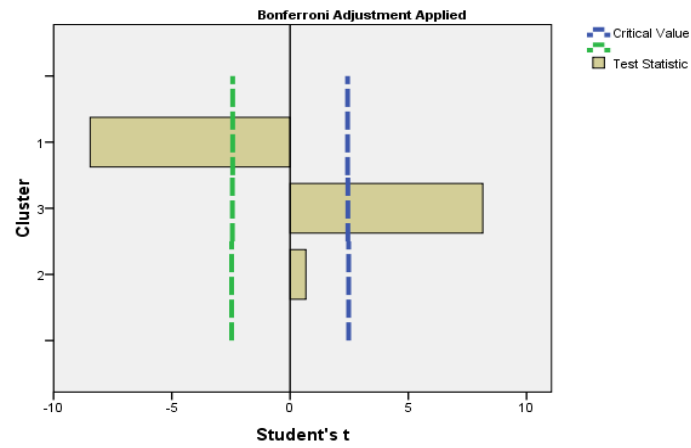
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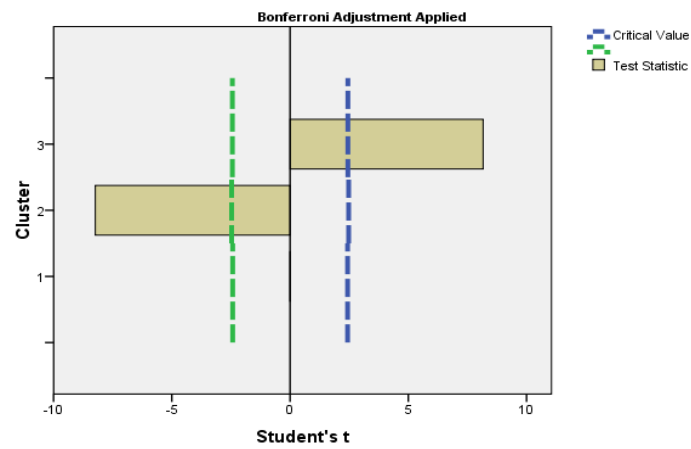
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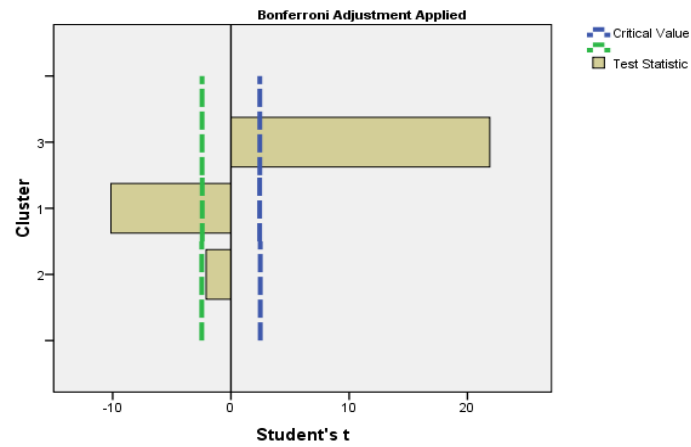
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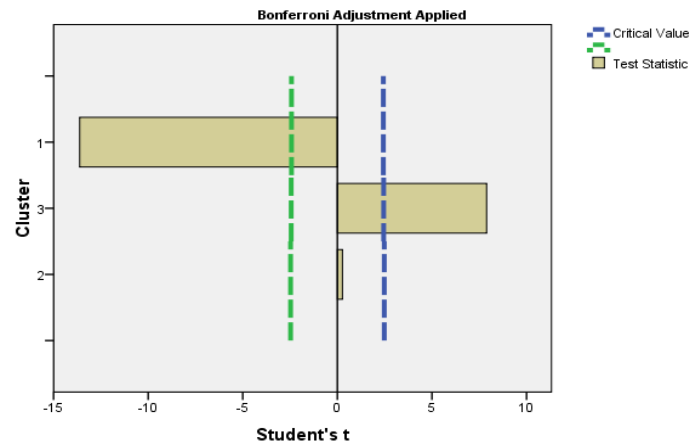
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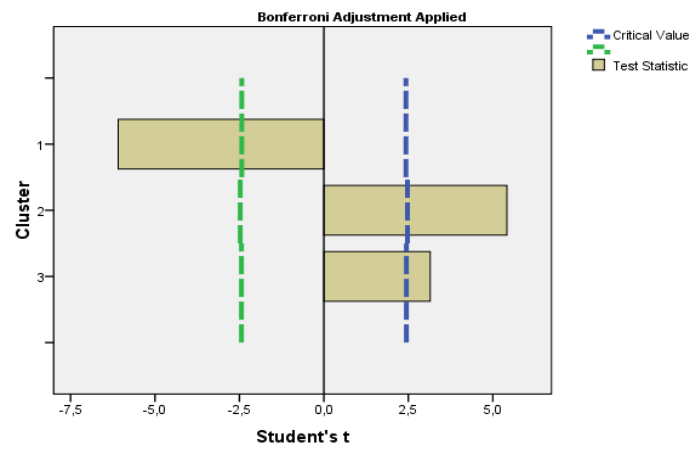
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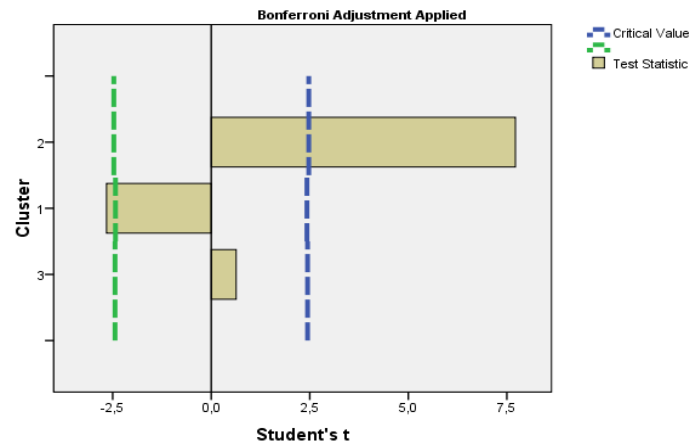
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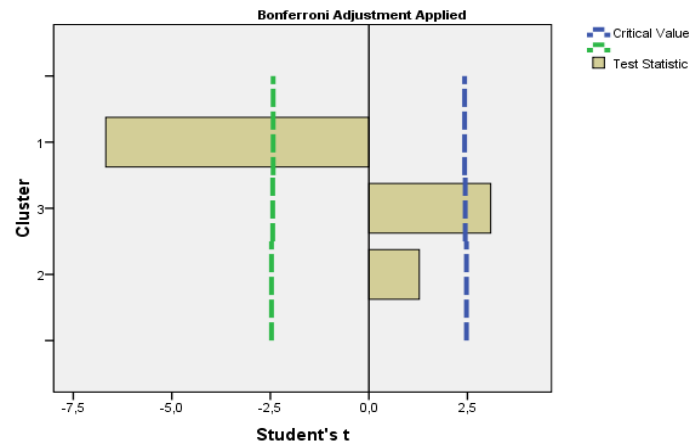
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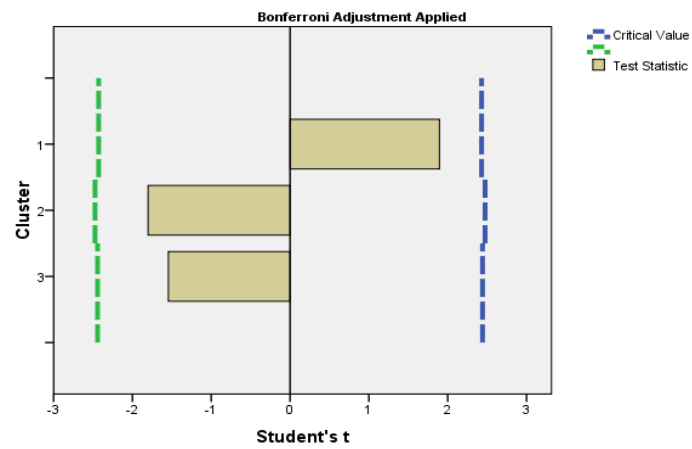
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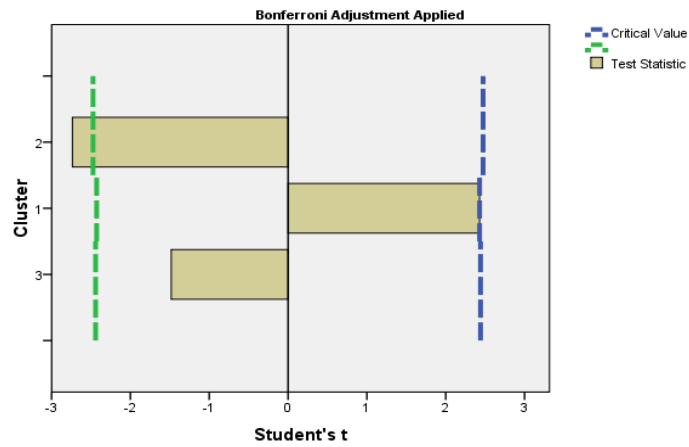
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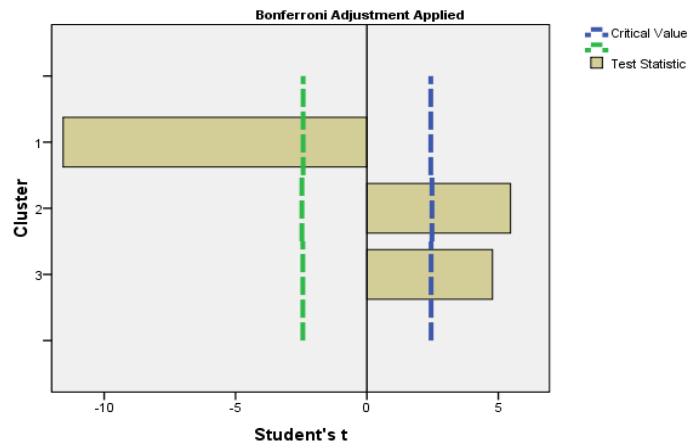
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I14



I15



I16

